



**A REVIEW OF GOVERNMENT INITIATIVES TO  
STIMULATE WOMEN ENTREPRENEURSHIP IN SOUTH  
AFRICA: 1995 - 2009**

BY

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I, Evelyn Derera declare that

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**Evelyn Derera**

May 2011

## **SUPERVISOR**

As the candidate's supervisor I have approved this thesis for submission.

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**Professor R. C. O'Neill**

May 2011

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## **DEDICATION**

This thesis is dedicated to my aunt, Ellen Sigauke - Makiseni. I will always love and cherish you.

## ABSTRACT

Worldwide, women entrepreneurs play a major role in the economic growth and development of any nation, yet women are still facing a multiplicity of challenges in the small business sector. Women entrepreneurs could play a more significant role in the small business sector given all the necessary support. The main objective of this study was to review the South African government initiatives that were designed to stimulate women entrepreneurship during 1995 to 2009. This topic is exploratory as well as descriptive in nature. As a result of this, qualitative and quantitative data was collected in order to address the research objectives of the study. A non probability sampling technique, known as snowballing was used to identify the research participants. The sample for the study was made up of two different groups of participants; namely women entrepreneurs and experts from the field of entrepreneurship. Data was analysed using content analysis. Although content analysis is often used for analysing qualitative data, it has a limitation in that it sometimes fails to interpret delicate and intricate texts (Denscombe, 2003:221). Because of this limitation, Kruskal Wallis and Chi square tests were used in order to complement content analysis. These two data analysis tools were adopted because of the non parametric nature of the research data. The main limitation of the study was that primary data was collected in Pietermaritzburg in KwaZulu Natal due to limited resources. In addition to this, the sampling technique used has a disadvantage in that the results of the research cannot be generalized to the population at large. However, the empirical results in conjunction with the literature review could assist in policy evaluation of the initiatives that could stimulate the development of women entrepreneurs in this country to a higher level. The empirical findings of the study revealed that women entrepreneurs are still experiencing a lot of barriers to entry into the small business sector such as access to finance, lack of entrepreneurial training and lack of information, just to mention a few. The results also revealed that the government support programmes are failing to address the barriers to entry that women are experiencing in the small business sector. In as much as the government is making progress in providing support programmes towards women entrepreneurship, the empirical findings also revealed that the majority of women entrepreneurs are not aware of the available support programmes that are targeting them. Lack of awareness of the available government initiatives was cited as the major reason why women are not benefiting fully from the government support programmes. Based on the research findings, it could be recommended that the government should review

the current policies and programmes that are designed to assist women entrepreneurs in this country in order to evaluate the weaknesses and strengths that are inherent in the system. Future programmes should be designed based on empirical research in order to match the actual needs of women entrepreneurs in relation to the challenges that they encounter. This is crucial because women in the small business sector are a heterogeneous group with different needs and challenges. For this reason, a small business research foundation should be established with the core mandate of carrying out on-going research on the small business sector in this country.

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## **CHAPTER 1**

### **INTRODUCTION, BACKGROUND AND NEED FOR THE STUDY**

The aim of this chapter is to introduce, provide background information and motivation for the topic. This is followed by the presentation of the research problem together with the research objectives. The key terms used in this study are clarified in line with the research topic. In closing, the chapter gives a brief summary of how the primary and secondary data was gathered.

#### **1.1. Introduction**

Worldwide, women entrepreneurs have been playing a major role in economic growth and development (Still and Timms, 2000:272). The participation of women in the small business sector has been growing rapidly over the years (Anna, Chandler, Jansen and Mero, 1999:299; Still and Timms, 2000:272; Weiler and Bernasek, 2001:85; McGregor and Tweed, 2002:421). Women have been at the forefront of this change (Hughes, 2003:433) and their work is central to world economic production and reproduction spheres (Thierry, 2007:1361). Welter, Smallbone, Aculai, Isakova, and Schakirova (2000:243) support this by arguing that women entrepreneurship is not only important as a solution to unemployment, but also vital due to the change and contribution that women entrepreneurs bring into economic and social transition. Thierry (2007:1360/1) further argues that women entrepreneurs are today's principal agents for growth and development. Women entrepreneurs should also be seen as economic actors, producers and consumers whose investment decision has a multiple economic impact (Thierry, 2007:1360/1). In addition, women are important in every aspect of any society because they represent a large pool of untapped entrepreneurial talent (Carter, 2000:326; Carter and Shaw, 2006:5; Fielden and Dawe, 2004:139) and these females have been widely recognized by economic development agencies (Carter, 2000:326). Manniti and Arenius (2003:3), support this by mentioning that women represent a readily available pool of potential entrepreneurial activity that countries may take advantage of and improve their economies.

Importantly, women entrepreneurship has been identified as a major force for innovation and job creation (Orhan and Scott, 2001:232). They further point out that, more women are still taking an active role in the small business sector, despite all the challenges they face in their pursuit for economic freedom in the field of entrepreneurship (Orhan and Scott, 2001:232). This in itself, according to Thierry, (2007:1360) suggests the need to acknowledge gendered resource constraints and dedicate urgent attention to strengthening women's capacity to participate fully in the global economy. There have been a number of initiatives that have been put in place to help women entrepreneurs to overcome these barriers to entry into the small business sector, but they (women) are still struggling to make ends meet in this regard. Boohene, Sheridan and Kotey (2008:239) concur with this notion by pointing out that women entrepreneurs face a combination of constraints in the small business sector which require support in public policy. As a result of a multiplicity of barriers to entrepreneurship that women small business owners face, most of them are inclined to select the retail and services industries where these barriers seem to be lighter as compared to the other sectors of the economy like manufacturing, mining and construction sector to just mention a few. A number of studies have shown that women owned businesses are more likely to be found in the retail and services industries (Anna, *et al.*, 1999:279; Hackler, Harpel and Mayer, 2008:6; Coleman and Robb, 2009:2). Smith-Hunter and Boyd (2004:19) support this by arguing that most women business owners have remained in traditional areas like personal services, which are an extension of women's roles in the home. Although, more female entrepreneurs start up businesses in the retail and services industry, there is a shift in the type of businesses that women are now involved in (Hackler *et al.*, 2008:6). Some studies have shown that females have entered the non-traditional areas of manufacturing, construction, high technology, transportation, business consulting, public utilities and finance (Longenecker, Moore and Petty, 1997:16; Smith-Hunter and Boyd, 2004:19; Hackler *et al.*, 2008:6).

It appears as if a blanket approach is being taken by the authorities and policy makers when it comes to the development of initiatives to stimulate women entrepreneurs as they are commonly seen as a sub set of their male counterparts in the Small and Medium Enterprises (SME) sector. Forson (2006:419) supports this by highlighting that although women are often included in designing initiatives that are aimed at stimulating the entire small business sector in the economy, there was no direct focus that was made on the actual needs of women *per*

*se.* This research project seeks to critically evaluate the initiatives that are designed to stimulate women entrepreneurship in South Africa. Thus, this study seeks to evaluate whether women entrepreneurs are being given all the necessary support that they need in the field of entrepreneurship. Given that women entrepreneurs are significant contributors to today's economy, it should be a priority of any government worldwide to create an enabling environment which enables women entrepreneurs to thrive in the small business sector (Lever, 2000:7). Wilson, Whittam and Deakins (2004:800), argue that "there is no greater initiative a country can take to accelerate its pace of entrepreneurial activity other than to encourage more women to participate in this field". They went on to encourage governments to take a more proactive role and more focused approach towards women entrepreneurship since it is crucial for economic growth and development of any country on this planet. Lever (2000:7) further points out that for any government to be successful in implementing policies that stimulates women entrepreneurs in any economy, it is imperative that it should first understand the needs of women in the small business sector. The promotion and development of women entrepreneurship will not only bring economic benefits to different countries, but will also provide them (women) with autonomy, control and flexibility that their unique lifestyle demands, especially with juggling work and domestic roles (Fielden, Davidson, Dawe and Makin, 2003:165). Woldie and Adersua (2004:79) concur with this by highlighting that entrepreneurship represents an appropriate opportunity for women all over the world because of the flexibility that is inherent in entrepreneurship.

In South Africa, the government is committed to improve the conditions of women entrepreneurs as evidenced in the 1995 White Paper on Small Business Development. As a result of this, the government has made significant progress on the development of initiatives that stimulate women entrepreneurship in this country. While, this has been the case, it appears as if a lot of women entrepreneurs have not managed to benefit from the available initiatives. This in a way has compromised the effectiveness of these policies on the ground. That is, most people (women included) are not aware of the types of initiatives that the government is offering to the small business sector. O'Neill (2008:5) supports this by arguing that the South African government is indeed committed to the development of women entrepreneurs. He further argues that the main challenge that the South African government is facing, is the implementation, monitoring, evaluation and the marketing or rather promotion



of these initiatives to the population at large (O'Neill, 2008:5). Although, the government maybe experiencing challenges in the implementation of these initiatives to stimulate women entrepreneurs in this country, it is also important for women to take an active role in trying to seek solutions for their problems in entrepreneurship. Lever (2000:7) supports this by arguing that, rather than blaming the government or policy makers for poor implementation of policies, it is also important that women should take an active role in organizing themselves and make a direct contribution to the policy makers in terms of what type of assistance they would require from the government. For example, women entrepreneurs should have an insatiable desire to learn more on how businesses are managed (Lever, 2000:7).

Apart from the perceived failure to implement policies on the ground by the government, the suitability of these initiatives with regards to addressing the actual needs of women entrepreneurs is also questionable. For example, there are many institutions that are offering finance to women small business owners, but it remains unclear how many women entrepreneurs are benefiting from such programmes. Especially when one considers the fact that the majority of women do not have collateral that they can cede in return for accessing finance to start up small businesses. In the rural areas for example, there is little information as to whether these policies and programmes are suitable to address the actual needs of these women entrepreneurs. This information is relevant because the majority of women live in high levels of poverty, illiteracy and very low levels of basic entrepreneurial skills. Regardless of which angle one may decide to look at this issue, it appears as though initiatives to level the field between male and female entrepreneurs have always been a problem worldwide, South Africa included.

Although, the number of women starting small businesses is increasing, it is also important to point out that the sizes of their businesses remain small in terms of revenue and number of employees especially when one compares them against their male counter parts (Anna *et al.* 1999:279; Coleman and Robb, 2009:2). Powell and Eddleston (2008:25) together with Coleman and Robb (2009:2) concur with this by pointing out that women owned businesses tend to have lower sales, slower growth and lower profits compared to male owned

businesses. On the other hand, Aspray and Cohoon (2007:1) argue that there is weak empirical evidence to support the view that women owned businesses mostly under perform.

## **1.2 Background and context**

There are over six billion people living in this world today and women constitute a larger proportion of the world population (Morghadam, 2005:3). A larger portion of these women according to Morghadam (2005:3) live in unacceptable conditions of poverty mostly, in developing countries. It is estimated that people in Sub Saharan Africa and South Asia are the poorest in the world (Adjasi and Osei, 2007:449). Thierry (2007:1353) concurs with this by stating that approximately fifty percent of the world's population lives below the poverty threshold of whom seventy percent are women (Baden, 1999: Online; Chant, 2006:3; Thierry, 2007:1353). There are also growing perceptions around the globe that poverty is feminized (Morghadam, 2005:3) as it is believed that poverty is taking a "woman face" (Baden, 1999: Online). Hossain (2007:59) further argues that the poor are mostly involved in the informal sector of the economy as they are excluded from the formal sectors because of lack of education and employment training. Women constitute the bulk of the poor people who are involved in the informal sector of the economy.

South Africa like many other African countries, is still struggling to overcome poverty in most parts of the country, particularly within the black communities (Fourie, 2007:1271). It was estimated that almost half of the black population were considered to be poor in 2000 (Fourie, 2007:1271). Apart from poverty, women also constitute more than half of the South African population. According to the medium population variant which is considered to be the best estimate, women constitute fifty two percent of the country's population which translates to approximately 25.2 million females out of a population of 48.7 million (STATSA, 2008:3). On the other hand, the unemployment rate for South Africa remained constant at 23.5 percent for the year 2008 and the first quarter of 2009 (STATSA, 2008: v). This situation is bound to worsen with the current global economic crisis. All these socio economic changes have placed a huge burden on women wage earners, mothers of small children and women with family responsibilities (Morghadam, 2005:40). These socio

economic challenges therefore, call for a change or paradigm shift in the fundamentals that guide the stimulation, empowerment and development of initiatives, that are geared toward creating an enabling environment that will foster growth of women entrepreneurship around the globe with South Africa included. One way of doing this, is by assessing and evaluating the policy framework together with the initiatives for the SME sector which also targets females as an important component of the small business sector. This in itself, will in a way help to solve some of the socio economic challenges that people are facing worldwide such as high unemployment rates and poverty.

Despite all these challenges, women are still making a huge and significant difference in today's world and their contribution on the global economy cannot be underestimated. In fact, Coleman and Robb (2009:1) and Hackler *et al.* (2008:2) argue that women owned businesses are a growing component of the small business sector. According to McClelland, Swail, Bell and Ibbotson (2005:84/85) women entrepreneurs are indeed making a distinct difference in their communities and economies in both developed and developing countries. They further argue that in the developed countries, one in ten females are self employed and it is believed that female entrepreneurs own and manage up to one third of all businesses in both developing and developed countries (McClelland *et al.* 2005:84/85).

In the USA for example, the number of self employed females has increased steadily over the past three decades (Hackler *et al.* 2008:2; Gurley-Calvez, Harper and Biehl, 2009:4). In 1984, the Small Business Unit (SBU) reported that the number of women entrepreneurs increased from 1.7 million in 1977 to 3.5 million in 1984. It is also believed that women in the USA are starting small businesses at a rate that is six times higher than the rate at which males are starting up small businesses (Joos, 1987:59). De Martino and Barbato (2003:817) further state that there are over 9.1 million women-owned businesses which employ 27.5 million people. These businesses generate more than \$3.6 trillion in sales excluding sales from home-based micro businesses (De Martino and Barbato, 2003:817). In addition to this, women small businesses in the USA are vital contributors to the economy as they employ one in every four employees in that country (Mckay, 2001:148). Women are also majority shareholders in 30 percent (approximately 6.7 million) of all privately owned businesses (De Bruni, Brush and

Welter, 2006:585). This could be attributed to the approach that the US government used towards the development of women entrepreneurship. In 1977, the then US President Jimmy Carter set up a task team to look into the problems that women entrepreneurs were facing. The report compiled by the task team subsequently issued a recommendation that the US government should develop initiatives that should be geared towards the stimulation of women participation in the mainstream of business ownership in the USA. Since the development of these initiatives, the increase in the number of women participating in the small business sector in the US has been encouraging (Joos, 1987:59). The focus and attention that the US government made towards the development and empowerment of women entrepreneurs served as an inspiration towards this study. The initiation towards the development of an enabling environment that fosters the growth of female owned small businesses by President Jimmy Carter shows that if governments are committed to this worthy cause, female entrepreneurs can go a long way in making a significant contribution towards the development of their respective countries. The USA case is proof enough of what women are capable of doing especially when they receive all the necessary support that they need in the field of entrepreneurship. The US government has proved that such initiatives are worth pursuing.

According to Carter and Shaw (2006:6), there are approximately over one million self employed women in the United Kingdom. These small businesses account for between 12.3 percent and 16.5 percent of the country's business stock. Wilson, Whittam and Deakins (2004:802) argue that women owned small businesses account for almost 50 percent of all businesses in the United Kingdom. In New Zealand for example, twenty women start up small enterprises daily and this represent forty percent of all new start-up businesses in that country (McGregor and Tweed, 2002:421).

In Africa, women owned businesses are growing rapidly. Women owned small businesses produce more than eighty per cent of food for sub-Saharan Africa (Woldie and Adersua, 2004:78). In South Africa, women entrepreneurs have remained at the periphery of the national economy as most small businesses are concentrated in craft, hawking, personal services and the retail sector (Tillmar, 2007:89; Morgan and Ojo, 2008:3). Women

entrepreneurs in South Africa represent a critical component for poverty alleviation (Morgan and Ojo, 2008:3). Women are also important players in the promotion of the Black Economic Empowerment (BEE) in South Africa (Morgan and Ojo, 2008:3).

Given the above statistics on the contribution of women entrepreneurs to the global economy, it is important not to underestimate the impact of women entrepreneurship in today's global economy (Moore, 2004:78). By virtue of the increasing number of small businesses that are owned by women, it gives overwhelming evidence and enough ground for any government to focus on the stimulation of women entrepreneurship as they constitute a significant component of the SME sector (Forson, 2006:419). Therefore, this study reviews government initiatives that were designed to stimulate women entrepreneurship in South Africa during 1995 to 2009.

### **1.3 Need for the study**

The motivation for the study comes from the fact that women entrepreneurs could play a more significant role in the small business sector given all the necessary support. Small business creation has been encouraged by academics and governments worldwide as a catalyst for economic growth (Smith, 2000:283). It also symbolizes innovation and dynamism in the economy (Orhan and Scott, 2001:232). Therefore, a research study that focuses on women entrepreneurs is important because they (women entrepreneurs) are an important component of the small business sector in every country. In addition to this, if their full potential is utilised, the overall objective for small businesses to serve as catalyst for economic growth would be more easily achieved.

Apart from this, Renzulli, Aldrich and Moody (2000: 523) reckon that men have historically enjoyed more advantages than women in life in general. An example of this would be that men have had on average, higher and better paying jobs than women. In the field of entrepreneurship, women have experienced a multiplicity of setbacks and barriers to entry. There is also evidence that suggests that women owned businesses experience a higher rate of

small business failures, as compared to male owned businesses (Carter and Shaw, 2006:6). Despite all these challenges, Loscocco and Smith – Hunter (2004:164) argue that females are becoming entrepreneurs at a faster proportionate rate compared to men. Fielden *et al.* (2003:165) support this by highlighting that female entrepreneurs have the potential of making a huge contribution in the development and expansion of the global economy. Therefore, it is important that women entrepreneurs receive all the necessary support in order to enable them to flourish and reach their full potential in the small business sector. This support is crucial especially when it emanates from a good and strong policy framework that empowers females, particularly in the small business sector.

More so, several researchers have argued that there is a scarcity of information on women entrepreneurship (Mckay, 2001:148; Fielden *et al.* 2003:153; Martin and Wright, 2005:164). McClelland *et al.* (2005:84) concur with this notion by highlighting that female entrepreneurship is an under-researched area with tremendous economic potential. As a result of this, research on women entrepreneurship requires special attention. Morgan and Ojo (2008:3) are of the view that there is less literature on the role of women on a global economy especially in Africa. Bruton, Ahlstrom and Obloj (2008:1) are of the view that entrepreneurship research as a whole is often criticized because of the fact that most research studies are carried out in North America and Europe. They further argue that research exploration outside these two spheres is limited (Bruton, *et al.*, 2008:1).

In addition to this, the available research on women entrepreneurship has focused on what motivates females to start up businesses and the challenges that they experience in their endeavour to open up small businesses (Orhan and Scott, 2001:232). There is still scarcity of information on the initiatives that stimulate women entrepreneurship especially in Africa. Since this area is under researched, this study intends to utilize this research gap that exists in women entrepreneurship by focusing on the stimulation of women entrepreneurship in Africa.

Lastly, the resilience and the tenacity of women entrepreneurs together with the huge contribution that they (female small business owners) are making towards the global economy despite a number of obstacles that they face, is indeed, enough justification for an on going research in this area in entrepreneurship. A number of authors have also argued that given the rapid growth of women owned businesses, one might reasonably expect an outpouring of new empirical findings in this major research outlet (Moore, 2002:250; Fielden *et al.* 2003:153). Wilson, Kickul, Marlino and Thomas (2007:387) concur with this by pointing out that the statistics on the contribution of female owned businesses reinforces the value of carrying out more research in this area. Female entrepreneurs, despite being discriminated against in entrepreneurship, have also proved to be highly reliable when it comes to operating small businesses compared to their male counterparts. Thus, given all the necessary support, female entrepreneurs are more likely to perform far much better in entrepreneurship than male entrepreneurs. Apart from this, females constitute a larger portion of the South African population and the South African government has indeed acknowledged this fact by showing its commitment to address the imbalances that exist between female entrepreneurs and their male counterparts. Therefore, a review of the initiatives to stimulate female entrepreneurship is very crucial as it contributes towards the development and empowerment of female small business owners in South Africa. The empowerment of female entrepreneurs in this country lies close to my heart.

## **1.4 Statement of the research problem**

### **1.4.1 The primary research objective**

To review government initiatives to stimulate women entrepreneurship in South Africa during 1995 to 2009.

### **1.4.2 The secondary research objectives**

The purpose of this research is to review the government initiatives that are designed to stimulate women entrepreneurship in South Africa between 1995 and 2009. The secondary research objectives of this study are to:

1. Investigate the barriers to entry into women entrepreneurship.
2. Find out whether the current initiatives are helping women entrepreneurs to overcome some of the barriers that they are facing when they establish small businesses.
3. Establish whether women entrepreneurs are aware of government initiatives that are targeting them.
4. Establish whether the government is providing adequate support to women entrepreneurs.
5. Identify the factors that are preventing women entrepreneurs from benefiting fully from the available government initiatives.
6. Evaluate women entrepreneurs' perceptions of their contribution to the small business sector.

### **1.5 Limitation of the study**

The research study only focused on government initiatives that were put in place in order to stimulate women entrepreneurship in South Africa. Thus, all the other initiatives from the other sectors of the economy such as the private sector and the Non-governmental Organizations (NGOs) were left out, notwithstanding the fact that they are indeed playing a major role in the development and empowerment of women entrepreneurs worldwide. Due to resource constraints, primary data for the study was gathered in Pietermaritzburg in KwaZulu Natal. This is a limitation in that the results do not represent the collective views of women entrepreneurs in South Africa. Another drawback of this study is that a non-probability sampling technique was used for identifying research participants (i.e. snow ball sampling technique was utilized). This is a disadvantage in that the results of the research cannot be generalized to the population at large. However, the research results in conjunction with the literature review could assist in policy evaluation of the initiatives that could possibly stimulate the development of women entrepreneurs in South Africa to a higher level. Besides, the outcome of the chapter on literature survey on government initiatives from Botswana, Ghana and the USA, could also assist the policy makers in having an appreciation of initiatives from other countries. This information is useful because policy makers could



borrow some good and positive aspects of these initiatives and blend them with their own policies and programmes. This could lead to the formation of “hybrid” programmes that are more appropriate to the situation at hand. The policy makers could also use this knowledge to improve and strengthen the current initiatives in order to further develop women entrepreneurship in this country.

## **1.6 Clarification of terms**

Based on the topic chosen for this study, there are some important key variables that need to be defined for clarification purpose. In this regard, the definition of initiatives, policy, female / women owned businesses and entrepreneurship are discussed.

### **1.6.1 Initiatives**

The definition for the word “initiative” according to the online business dictionary is a specific project or program that is undertaken to achieve a specific objective. A project or a program on the other hand can be defined as a plan of action that is aimed at achieving clear objectives. An objective is also referred to as a mission or a purpose (Businessdictionary.com). Therefore, initiatives to stimulate women entrepreneurship in this study would be defined as programmes that were undertaken by the government to stimulate, motivate or encourage female to start up small businesses since the development of the 1995 White Paper on Small Business Development in South Africa.

It is also important to point out at this juncture that initiatives emanate from government policies and therefore if a government has a good and a strong policy framework on the ground, there is a high probability that good initiatives or programmes will emanate from these policies which will eventually lead to the development and empowerment of its people. Therefore, there is indeed a strong relationship between policies and initiatives.

## **1.6.2 Policy**

A policy is defined by Sandford (1984: Online), as a set of decisions made by the government in order to solve a particular problem or for the purpose of achieving its long term goals. On a government ministerial level, for example, a policy outlines what the ministry hopes to achieve together with the manner in which it will achieve them (www.etu.org.za).

Based on the definitions given above (1.6.1 and 1.6.2), government policy and initiatives are considered to represent government intervention in this study.

## **1.6.3 Women / Female owned businesses or enterprise**

Women enterprise is a broad term that describes female self employment and business ownership (Carter and Shaw, 2006:5). According to the US Census Bureau, a woman owned business is one where a woman or (women) own at least 51 percent or more majority interest in a business (Mattis, 2004: 155) and a woman takes an active interest in the decision making, risk taking and day to day management (Carter and Shaw, 2006:5). In this study, the term women entrepreneurs and female entrepreneurs will be used interchangeably.

## **1.6.4 Entrepreneurship**

The term “entrepreneurship” can be defined in many different ways (Littunen, 2000:295) and its meaning has changed considerably over the years (Morris, Pitt and Berthon, 1996:60/61). Entrepreneurship is defined by Barringer and Ireland (2008:6) as the process by which individuals pursue opportunities without taking into consideration the amount of resources that they currently have or own. On the other hand, entrepreneurship can be defined as “the emergence and growth of new businesses” or the expansion of existing businesses by an individual, or team of individuals (Bridge, O’Neill and Cromie, 2003:36; Nieman, Hough and Nieuwenhuizen, 2007:8). According to Deakins (1996:33/4) entrepreneurship does not necessarily coincide with small firm ownership. From the above definition of entrepreneurship, it is clear that entrepreneurial activity manifests itself in several ways.

Vosloo (1994:147) agrees with this by highlighting that entrepreneurship can be found in different forms which are; small businesses, new business ventures and corporate entrepreneurship. Vosloo (1994:147) further argues that the most common form of entrepreneurial activity relates to the running of businesses regardless of the size and age of an enterprise. Therefore, in this study, entrepreneurship refers to the formation and growth of small businesses and business ventures.

## **1.7 Research methods and Data Analysis**

The main objective of this study is to review government initiatives to stimulate women entrepreneurship in South Africa during period 1995 to 2009. This topic is exploratory as well as descriptive in nature. As a result of this, qualitative and quantitative data were collected in order to address the research objectives for the study. The researcher used primary and secondary data collection methods in order to critically review the chosen topic. For secondary data, the researcher used the internet published journal articles, textbooks and government websites. For primary data collection, the researcher used a questionnaire based survey. The primary data refers to the original data that the researcher collects for the purpose of his or her own study (Welman, Kruger and Mitchell, 2007:148). The questionnaire was designed in such a way that it enabled the researcher to collect both qualitative and quantitative data, so as to fully explore the research topic. The study used a non probability sampling technique, known as snowball, in order to identify the research participants. The sample was made up of two different groups of participants; namely the women entrepreneurs and experts from the field of entrepreneurship. The incorporation of both views from these two groups of participants enabled the researcher to have a balanced insight into the research topic. A convenience sample of fifty women entrepreneurs and ten experts was used for the study. Practical considerations such as the exploratory and descriptive nature of the study and lack of a reliable data base of women entrepreneurs in South Africa formed the rationale for the decision to select this sample size. A total of fifty women entrepreneurs and six experts responded.

Content analysis formed the basis for data analysis. But, due to the fact that content analysis has a limitation in that at times it fails to interpret delicate and intricate texts (Denscombe, 2003:221), Kruskal Wallis and Chi square tests were also used to complement it. The questionnaires were checked for accuracy and completeness. Analysing and coding of the questionnaire was done by the researcher using a statistical package known as Statistical Package for the Social Science (SPSS), version 18.0. The basic statistical tools such as frequency tables, percentages, pie charts, bar charts were used to interpret quantitative data. The use of both a questionnaire which includes two different groups of participants (i.e. women entrepreneurs plus experts in this field of entrepreneurship) and a comprehensive literature survey generated a synergistic effect which provided unique and important insights on the research topic (Cavana, Delahaye and Sekaran, 2001:35). The researcher ensured that triangulation was built into the research design. Triangulation refers to the use of different data collection methods within one study in order to ensure confirmation of the results (Saunders, Lewis and Thornhill, 1997:80). Ultimately, these different research approaches helped to facilitate the review of the government initiatives that are earmarked to stimulate women entrepreneurship in South Africa during the targeted period.

## **1.8 Plan of study**

This dissertation is divided into seven chapters which are arranged as follows:

### **Chapter one: Introduction**

Chapter one provided the introduction to the study by discussing background information as well as providing motivation for the study. The research questions and objectives for the study were also presented. This chapter also gave an overview of how the primary and secondary data for the research was collected.

### **Chapter two: Literature Review**

Chapter two provides a detailed account of the barriers to entry into the entrepreneurship that are experienced by all entrepreneurs regardless of gender.

### **Chapter three: Literature Review**

Chapter three reviews the gender specific barriers to entry that women entrepreneurs

encounter in their quest to enter into the small business sector.

#### **Chapter four: Literature Review**

This chapter wraps up the literature survey by reviewing how the South African government has been addressing the challenges that women entrepreneurs are facing in the small business sector. In addition to this, chapter four also provides a different angle to the study by evaluating how other governments are addressing the gender specific challenges that affect women in the small business sector. The countries that were reviewed are; Botswana, Ghana and the United States of America. The motive for this was to have a general understanding on how other countries are dealing with the gender specific challenges that reduce women participation in the small business sector.

#### **Chapter five: Research Methodology**

In chapter five, the nature of the research problem, the sampling method used and the sample size was discussed. The chapter also outlined the justification for the research design and discussed the method that was used for data analysis.

#### **Chapter six: Research Findings and Discussion**

The presentation of empirical findings and discussion of results was dealt with in this chapter. The discussion was centred on the objectives of the study. The empirical findings were also linked to existing research on women entrepreneurship and the theoretical framework of the study, as outlined in the literature survey chapters.

#### **Chapter seven: Summary, Conclusion and Recommendations**

Chapter seven wraps up the research study. Recommendations were presented basing on the empirical research findings. Limitations of the study were pointed out, together with suggestions for further research in the area of study.

### **1.9 Summary**

This research project seeks to investigate government initiatives to stimulate women entrepreneurship in South Africa between 1995 and 2009. The study also investigates how the government of Botswana, Ghana and USA are promoting women entrepreneurs in their respective countries. The research is exploratory in nature because it seeks to get a deeper

understanding and insight into how the South African government is dealing with the challenges that women entrepreneurs encounter in the small business sector. Both qualitative and quantitative data were collected in order to address the research objectives of the study. Primary data was collected using a questionnaire based survey in which the views of two distinct groups of participants were considered. The questionnaire enabled the researcher to obtain the views of both the experts and female entrepreneurs regarding the available government initiatives that are meant to stimulate women entrepreneurship in South Africa. A non random sampling technique (i.e. snow ball sampling technique) was used for identifying the research participants. Secondary data was collected from journal articles, textbooks and government websites and any other sources that were relevant to the study area. Content analysis was utilized for data analysis. The main disadvantage of the sampling technique (snowballing) chosen for the project is that, the results of the research could not be generalized to the population at large. However, the results of the study may provide a good foundation which policy makers could use in policy evaluation of the available initiatives in this country. Ultimately, the research findings could be used to design a balanced policy framework that would develop the process of stimulating women entrepreneurship to a higher level in South Africa.

The next chapter (chapter 2) will discuss the general barriers to entry that are experienced by all entrepreneurs in the small business sector.

## **CHAPTER 2**

### **BARRIERS TO ENTRY INTO THE SMALL BUSINESS SECTOR**

This chapter begins by exploring the contribution of the small business sector to the economy. Special reference is made to the South African context. Understanding the contribution of the small business sector is critical before discussing the challenges that are faced by all entrepreneurs. This background information provides an indication as to why many countries are supporting and promoting the small business sector. This is followed by a detailed discussion of the general barriers to entry into the small business sector that are experienced by all entrepreneurs regardless of gender. This background information (on the general barriers to entry) is important because it builds a foundation for the next chapter that deals with the gender specific barriers to entry.

#### **2.1 Introduction**

Small businesses address the socio-economic and sometimes political injustices that exist in an economy. Thus, small businesses create employment, reduce the huge disparity between the income and wealth distribution among individuals. Small businesses are also crucial to the economy because they promote the creation of new and innovative products. Hence people can enjoy a variety of products and services at cheaper prices. For the small business sector to reach its full potential in an economy, a holistic approach needs to be taken into account when designing programmes that would assist the small business sector. That is, it is vital to understand the various problems that entrepreneurs experience in order to have a better understanding of how the entrepreneurial support system should be designed and structured so that the actual needs of the small business sector are met. This is important because initiatives that are designed to stimulate entrepreneurship would have been developed based on the root causes rather than the symptoms. When this happens, the chances of successfully stimulating entrepreneurship in an economy are increased. Under normal circumstances, the initiatives in the small business sector are developed based on the challenges that entrepreneurs encounter.

## 2.2 Contribution of the Small business sector

Small and medium enterprises (SMEs) play a fundamental role in the process of economic development and its contribution towards the entire globe is generally acceptable (Soontiëns, 2002:710; Bruton *et al.*, 2008:1; Okello-Obura, Minishi-Majanja, Cloete and Ikoja-Odongo, 2008:368; McPherson and Rous, 2010:159). The contribution of the SME sector is vital to the economic well being of any nation regardless of the stages of economic development of the nation (Clark and Lee, 2006:1; Okello-Obura *et al.*, 2008:368; Macht and Robinson, 2009:187). Thus, entrepreneurship contributes to the socio economic, as well as the political transformation of any economy (Hussain Millman and Matlay, 2006:584). Forje (2009:1) and Katsikis and Kyrgidou (2009:209) state that entrepreneurship is indeed significant to all walks of life as it develops individuals and the society at large. Entrepreneurship can therefore, be regarded as the engine for economic growth (Hussain and Matlay, 2007:487). Bayineni (2005:35) concurs by pointing out that entrepreneurship and economic development are closely related and are inseparable because where entrepreneurship is practiced, there is bound to be both economic growth and economic progress. Thus, entrepreneurship creates more jobs, increase the standards of living, increases household income, promotes innovation and acts as a mechanism for the spillover effects (Wiklund, Davidsson and Delmar, 2003:247; Kuzilwa, 2005:131; Clark and Lee, 2006:1; Eid, 2006:118; Mutula and Van Brakel, 2007:232; Bruton *et al.*, 2008:10; Forje, 2009:8; Hansson, 2008:139/140; Ireland, Tihanyi and Webb, 2008:124; Benzing and Chu, 2009:60). Forje (2009:1) adds healthy living, cost reduction in health care facilities and increased income to the government coffers through income tax payments to the list of benefits that accrue from the positive impact of entrepreneurship. This eventually leads to eradication of poverty among human kind and a wider distribution of wealth and opportunities (Kuzilwa, 2005:131; Eid, 2006:118; Chiware and Dick 2008:145; Okello-Obura *et al.*, 2008:368). SMEs also help to diversify the economy (Mutula and Van Brakel, 2007:232) and they are undoubtedly, a critical element for achieving a successful formula for economic growth (Okello-Obura *et al.*, 2008:368).



### **2.2.1 The South African Perspective**

The small business sector has made a significant contribution to the South African economy. According to Soontiens (2002:712/713), there were 800 000 small businesses in South Africa, which employed 3.5 million people in 1996. A year later, in 1997, Gumede and Rasmussen (2002:163) mentioned that small businesses in this country contributed half of the total employment to this economy. In 2003, the SME sector in this country provided more than fifty five percent of total employment and contributed twenty two percent of the national Gross Domestic Product (GDP) (Buys, 2009:14).

Over the years, the level of entrepreneurship in this country has also increased as more people are starting small businesses. Even the previously disadvantaged black community has also contributed to the economic growth of this country through the establishment of small businesses. Kwesiga (2008:472) supports this view by pointing out that although the number of black owned businesses has increased in South Africa, a larger proportion of these small businesses are still owned by whites.

Despite these contributions from the small business sector to the economy, the majority of people are still living in poor conditions. According to Underwood (2009:569), South Africa is a country with extreme differences in income and wealth distribution which results in the gap between the rich and the poor being very wide. Karumbidza (2009:19) claims that more than seventy percent of all poor people live in rural areas. Out of this figure (seventy percent), almost fifty percent are living in a perpetual state of poverty. Apart from this, Moodley (2002:34) points out that South Africa has very high levels of unemployment, sluggish economic growth and high levels of poverty. Therefore, the stimulation of the small business sector must be seen as an amalgamated effort to address some of these socio economic challenges that the people of South Africa are facing.

One way of promoting the growth of small businesses in this country is to analyse and understand the obstacles that people are facing during the start-up phases of their small

business ventures. For example, in the export market, De Pelsmacker *et al.* (2005:608) points out that South Africa has a more diversified regional trade policy, that enables it to trade with more developing countries. However, the small business sector is not fully benefiting from the global markets through export, as they are still facing a lot of barriers in the export market. Thus exporters in this country are still facing challenges because of a lack of knowledge about the export markets.

### **2.3 General barriers to entry into the small business sector**

Section 2.2 and 2.2.1 summarised the positive contributions of the SME sector to the well being of a nation. This section deals with the barriers that are faced by all entrepreneurs regardless of their gender. The definition of a barrier to entry into the small business sector is discussed, followed by a detailed summary of various barriers to entry that aspiring small business owners encounter in their endeavour to start small businesses.

#### **2.3.1 Definition of barriers to entry**

Literally, a barrier is a structure or fence that impedes free movement. A barrier is any condition that makes it difficult to make progress or to achieve an objective or a desired goal (<http://wordnetweb.princeton.edu/perl/webwn?s=barrier>). In small business start ups, a barrier to entry restricts or limits the ability of an aspiring entrepreneur to enter and operate a small business and it acts as an impediment or obstacle towards profitable business start ups (Kristiansen, 2007: 54). A barrier to entry is a condition that makes it extremely difficult and discourages people to start small businesses. Park (2009:34) concurs that a barrier is a factor that halts or makes it difficult for new competitors to enter successfully in a new market.

### **2.3.2 General barriers to entry**

Worldwide, entrepreneurs, continue to face a plethora of obstacles during the start up phase of their small business ventures. Although all entrepreneurs encounter similar barriers to entry into the small business sector globally, it has been acknowledged that aspiring entrepreneurs in developing countries experience more barriers to entry as compared to entrepreneurs in developed countries (for example, Mboko and Smith-Hunter, 2009 and Minniti and Naudé, 2010). Entrepreneurs in developing countries experience these barriers at a higher level compared to their counterparts in developed nations. For example, access to business information in developed countries is readily available and far more advanced compared to the developing nations. As a result of availability of business information, most entrepreneurs in advanced economics easily get access to other resources like business funding and more advanced business networks just to mention a few. Some of the barriers to entry that upcoming small business owners encounter are; access to human resources, lack of business training, lack of affordable business premises, stringent regulatory framework, access to sustainable markets, lack of education and lack of appropriate technology. These barriers to entry are discussed in detail below.

#### **2.3.2.1 Access to start-up capital**

Access to finance is a major barrier to small business start ups (Hussain, Millman and Matlay, 2006:585; Ebben, 2008:346; Macht and Robinson, 2009:188; Underwood, 2009:570). Many creative ideas are left idle or never developed because of lack of funding during the embryonic period of the business (Nieman *et al.*, 2007:32; Macht and Robinson, 2009:188). For an entrepreneur to successfully launch a business venture, adequate finance is necessary to enable the entrepreneur to purchase fixed assets as well as for the provision of working capital until a time when the business is breaking even. Underwood (2009:570) and Rouse and Jayawarna (2006:390) support this by highlighting that, all new business ventures require finance for capital expenditure. Apart from this, new business ventures require working capital to cover business costs and personal drawings for the entrepreneur during the start up period (Rouse and Jayawarna, 2006:390). Therefore, access to appropriate forms of

finance is necessary to ensure financial freedom within the small business sector (Harding and Cowling, 2006:116; Hussain and Matlay, 2007:489). Lack of finance often leads to business failure and at times restricts business growth (Kuzilwa, 2005:134; Fielden, Dawe and Woolnough, 2006:26). Klapper, Laeven and Rajan (2006:618) add that lack of adequate finance leads to liquidity problems in the business. Due to the fact that entrepreneurs encounter difficulties in accessing finance, the majority of entrepreneurs end up using their personal investment for start-up capital for the business (Nieman *et al.*, 2007:32). According to Rouse and Jayawarna (2006:390), personal investments include money accrued from previous employment, loans and financial gifts from family and friends. If an entrepreneur receives a loan from family and friends, it is advisable to draft a contract of agreement with terms and conditions in case of future disputes.

According to Nieman *et al.* (2007:160), lack of information on access to small business funding is acknowledged as one of the reasons why the majority of entrepreneurs use their personal investments as start up capital for their business. Nieman *et al.* (2007:160) and Hussain and Matlay (2007:489) are of the view that entrepreneurs should be advised on the different sources of finance that are available to the small business sector (such as bridging finance, overdrafts, equity finance and venture capital finance, just to mention a few). These entrepreneurs should also be advised on the advantages and disadvantages of the different sources of finance (Nieman *et al.*, 2007:160; Hussain and Matlay, 2007:489).

Failure to get access to bank loans due to lack of collateral and track record is another problem that most entrepreneurs face during the start up period. Rouse and Jayawarna (2006:390) support this view by mentioning that upcoming entrepreneurs struggle to prove their financial credibility to private financiers due to lack of track record and failure to have assets and properties that can be used as security or collateral for the loans (Tucker and Lean, 2003:51; Kuzilwa, 2005:134; Palliam, 2005:335; Fielden *et al.*, 2006:26; Hussain and Matlay, 2007:489). According to Kuzilwa (2005:131) finance through credit has been observed to be one of the important determinants of small business success. Most financiers are willing to offer short term loans as opposed to long term loans to start up entrepreneurs due to the risk involved in lending to customers with no track record and collateral. This has a

negative impact on the cash flow of the business as short term loans are suitable for short term financial requirements, such as working capital. At the same time, short term loans are not suitable for long term financial requirements such as the purchase of capital equipment. Hussain and Matlay (2007:489) agree that while short-term finance may be available to start up entrepreneurs, entrepreneurs still encounter problems in accessing finance to support the capital investments.

### **2.3.2.2 Access to human resources**

There has been an increased interest in human resources management (HRM) within the small business sector over the years (Walker, Redmond, Webster and Clus, 2007:295). The tremendous interest in HRM is linked to the fact that human resources are considered to be one of the most valuable assets of any business as they play a vital role in developing the firm's competitive advantage (Nieman *et al.*, 2007: 34; Walker *et al.*, 2007:295). Walker *et al.* (2007:296) mention that small business owners need to recognize the efforts of their employees as this forms part of motivating them (employees) to operate efficiently. Although human resources form a crucial component for the overall success of the firm, Nieman *et al.* (2007: 34) further argue that entrepreneurs often encounter problems and challenges especially when it comes to dealing with people relations in the work place. Pansiri and Temtime (2008:253) state that small businesses lack proper organizational structure and systematic human resources management especially when it comes to attracting, recruiting and developing their employees. The majority of entrepreneurs require both managerial and leadership skills in order to objectively address employee skills, attitudes and employee expectations. Due to the nature and capacity of small businesses, Pansiri and Temtime (2008:253) note that SMEs require only a few, dedicated and hardworking employees for the business to be successful. Finding the right employees has also proved to be a major challenge for entrepreneurs as they tend to rely on word of mouth through social networks for recruitment (Barrett, Neeson and Billington, 2007:686; Barringer and Ireland 2008:262; Pansiri and Temtime, 2008:253). Barringer and Ireland (2008:262) state that it takes a lot of experience and a good network system to find the right candidate for a job. According to Pansiri and Temtime (2008:253), the danger of relying on social networks for recruitment comes into play when the firm grows in size to the extent that the supply of

suitable family ties and friends diminishes. They further mention that wrong decisions in the recruitment process of employees can be costly to the small business (Barrett *et al.*, 2007:693; Barringer and Ireland, 2008:262).

Apart from this, entrepreneurs also encounter challenges when it comes to retention of key employees due to limited resource and time constraints to effectively manage these employees (Walker *et al.*, 2007:296). Due to the fact that most small businesses are often family owned, another dilemma arises when it comes to recruiting, promoting and dismissing employees who are also close and extended family members because of lack of objectivity in decision making (Reid, Morrow, Kelly and McCartan, 2002:248). Practicing a good ethical culture and leading by example is also crucial on the part of the entrepreneur as most employees within the organizations behave according to how their leaders behave (Barringer and Ireland, 2008:193). Walker *et al.* (2007:295/6), state that despite facing these challenges, small business owners tend to treat human resources management in their firms as a high priority. There is no uniformity within the small business sector regarding the way they manage their employees due to lack of proper training in HRM (Reid *et al.*, 2002:248; Barrett *et al.*, 2007:688; Barringer and Ireland 2008:262). Given this background, it is clear that entrepreneurs need support with regard to training on how to effectively deal with their employees in the small business environment.

### **2.3.2.3 Lack of business training**

Access to business training has been acknowledged as one of the major problems that entrepreneurs encounter during the start-up phase of their small business ventures (Underwood, 2009:570). Business training is a necessary ingredient for launching successful business ventures (Kuzilwa, 2005:146). Most entrepreneurs lack sound business training and understanding on how to establish and operate their businesses (Nieman *et al.*, 2007:33; Underwood, 2009:570). It is for this reason that supporting and educating entrepreneurs is on top of the agenda for the academia (Tillmar, 2007:84). Lack of managerial competencies has been cited as one of the reasons why small business ventures fail (Walker *et al.*, 2007:294). It is mandatory that entrepreneurs possess all the necessary knowledge and skills of running a

successful small business venture. According to Walker *et al.* (2007:294), a large number of entrepreneurs are not equipped to deal with the harsh business environment which is continuously changing. Forje (2009:10) supports this by arguing that entrepreneurship requires a huge knowledge of business administration such as accounting, management, marketing and organising. According to Ibrahim and Soufani (2002:421), management training is seen as an effective way of providing the SME sector with the expertise they need in order to operate a successful and sustainable business venture. In a research study that was carried out in Tanzania on small business training, Kuzilwa (2005:131) affirms that entrepreneurs who receive business training tend to run successful businesses as compared to those (entrepreneurs) who do not receive any form of business training. McPherson and Rous (2010:159) are of the view that serious attention and consideration needs to be given to programmes and initiatives that are earmarked to train entrepreneurs. Nieman *et al.* (2007:33) support this by pointing out that SMEs need to be trained and coached on how to conduct business research, writing business plans and the preparation of feasibility analysis (Nieman *et al.*, 2007:33). Although it is imperative that entrepreneurs should be given support in starting and running small businesses, stakeholders should be mindful of the fact that training entrepreneurs is a huge task. Walker *et al.* (2007:296) support this view by pointing out that small business training is a complex task that requires huge resources. They further argue that in reality, the cost of training the small business sector is actually higher when compared to larger businesses.

#### **2.3.2.4 Lack of business premises**

One of the challenges that entrepreneurs face during the business start up process, is finding appropriate business premises. Nieman *et al.* (2007:138) concur by highlighting that it is indeed difficult for an up and coming entrepreneur to find premises in large shopping malls as landlords prefer well known chain stores and reputable franchises as opposed to mere small businesses (Nieman *et al.* 2007:138). They further argue that even when they are signing lease agreements, the lease is usually biased in favour of the landlord which is a big disadvantage to most entrepreneurs (Nieman *et al.* 2007:138). Fielden *et al.* (2003:164) are of the view that there is need for finding and setting aside affordable business premises for start up entrepreneurs. One way of addressing this problem would be for entrepreneurs to start by

operating the small business from home and then move to rented office space later, provided that the nature and type of business would allow them (entrepreneurs) to do so. Walker and Webster (2004:406) noted that operating a business from home requires a lower capital outlay and this reduces the operating costs of the business as well. They also support the view that, not all businesses can be operated from home (Walker and Webster, 2004:406). Though, this might seem to be a good starting point, it is important to point out that there are some disadvantages that are associated with operating a business from home, like failure to draw the line between the business and family issues in terms of running the business.

### **2.3.2.5 Lack of business information**

Lack of information is a problematic area for potential small business start-ups (Nieman *et al.*, 2007:114; Kristiansen, 2007:71; Chiware and Dick, 2008:145/146; Underwood, 2009:570). According to Chiware and Dick (2008:145/146), access to business information has been identified as one area that needs special attention from the governments and policy makers, especially in the developing countries where there is scarcity of information on how to start and operate a successful business venture. They also argue that, access to information has, however, not been given the same attention as other constraints to small business start-ups, like access to finance, markets, technology and training (Chiware and Dick, 2008:145/146). Nieman *et al.* (2007:114) highlight that there are two categories of informational needs that the small business sector requires, namely, information on how to establish a new business venture and information on how to operate a successful business. The availability of both types of information is crucial for the success of any business. Without information, the entrepreneur would fail to make appropriate business decisions and this in turn would affect the performance of the business negatively (Nieman *et al.*, 2007:114; Chiware and Dick, 2008:145/146; Okello-Obura *et al.*, 2008:368). Apart from this, business information is an important ingredient for successful completion of business transactions (Okello-Obura *et al.*, 2008:368). They further argue that the success or failure of the any business operation is shaped by the availability of business information. The success of the small business venture depends on how the information is being utilised in the business environment (Okello-Obura *et al.*, 2008:368).



Another area where information is crucial is in the export markets. Julien and Ramangalahy (2003:228) support this by highlighting that the performance of the SME sector including exploring export markets depend on, among other things, the availability of informational resources. In addition to this, the majority of entrepreneurs are unaware of the type of information that is available for entrepreneurial support especially in developing countries (Tillmar, 2007:84). In Africa for example, dissemination of business information is difficult due to poor infrastructure and poor business support systems (Chiwere and Dick, 2008:145/146). It is, therefore, imperative to improve access to information as this is regarded as one of the critical needs of the small business sector (Underwood 2009:570). The availability of business information is indeed crucial for the economy to achieve sustainable economic growth and development of the small business sector (Chiwere and Dick, 2008:145/146).

#### **2.3.2.6 Access to markets**

Finding a market for products is a huge minefield for many entrepreneurs, let alone finding a sustainable market that would enable the business to grow and remain profitable. According to Nieman *et al.* (2007: 33), most entrepreneurs have a tendency of producing products and services that do not have a market. Another mistake made by entrepreneurs is the tendency to believe that, whatever products have worked for some entrepreneurs would also work for them (Nieman *et al.*, 2007:33). Therefore, it is crucial to educate entrepreneurs that they should produce products that are wanted by consumers, and not producing products that entrepreneurs think, are suitable for their costumers (Nieman *et al.*, 2007:18). Identification of a niche market is important to avoid being everything to everyone. According to Barringer and Ireland (2008:83/4), concentrating on a niche market would enable the entrepreneur to focus on a smaller market that the new venture can fully service considering its limited resources. Apart from finding a niche market, the entrepreneur also needs to understand the basic principle of having the right, balanced and proper marketing mix (price, product, promotion and place). The entrepreneurs should ensure that the marketing mix is suitable for the chosen market (Barringer and Ireland, 2008:83/4). According to Hogarth-Scott, Watson and Wilson (1996:6/7), marketing is applicable to both small and large firms. Small businesses are very much aware of this fact, although, they normally do not constantly

practice it (Hogarth-Scott *et al.*, 1996:6/7). Freeman (2000:372) believes that small businesses would benefit substantially from understanding the basic principles of marketing.

Lack of adequate resources also explains why small businesses fail to market their products. Yrle, Hartman and Walsh (2004:390) argue that a lot of small businesses find it difficult or lack the capacity to design and implement marketing strategy in their new venture. Most entrepreneurs also encounter problems with regards to name recognition, providing support services, answering customer questions, supplying information and processing customers' orders (Yrle *et al.*, 2004:390). Implementing a marketing strategy in the new business venture reduces the risk of failure and also contributes to understanding the customers' needs (Hogarth-Scott *et al.*, 1996:6/7). Therefore, entrepreneurs should conduct market research for them to be able to identify sustainable markets for their products. A growing and successful business entity requires a sustainable and stable market for its products. Once they have done that, they must understand the customers' needs and devise a marketing mix that is suitable for that particular market.

#### **2.3.2.7 Lack of education**

Lack of education is another area in which start up entrepreneurs struggle. Walker *et al.* (2007:294) support this by pointing out that small business owners generally have lower levels of education as compared to managers in large corporations. According to Wright, Liu, Buck and Filatotchev (2008:135/136), education helps individuals to adapt and solve complex problems that may arise in life, although this view is subject to debate. Education helps individuals to identify and utilise business opportunities (Wright *et al.*, 2008:135/136). It (education) increases an individual's chances of running a successful small business venture (Kuzilwa, 2005:146; Wright *et al.*, 2008:135/136). In developing countries, it is the opposite, as individuals start up businesses due to the fact that they lack education which is often required to secure employment in the formal sector (Mfaume and Leonard, 2004:14; Wright *et al.*, 2008:135/136). In their study, Stringfellow and Shaw (2009:140) concluded that there is a strong relationship between education and entrepreneurship. This appears to be true simply because a good foundation in education increases one's chances of having a

successful future. Thus, for one to have previous experience and to be able to develop skill for running a business, education is core. According to Walker *et al.*, (2007:294) small business owners rarely participate in skills development and training activities unlike the managers in the corporate world. Mutula and Van Brakel (2007:232) are of the view that countries with the right mix of skills stand a better chance of participating in the global world. Walker *et al.* (2007:295) concur with this view by highlighting that, an educated and skilled entrepreneur is considered to be an essential ingredient for achieving growth and gaining competitive advantage in the global economy. Apart from the academic education, Hussain, Matlay and Scott (2008:738) further argue that entrepreneurial education is also vital for small business development in an economy.

### **2.3.2.8 Lack of experience**

Lack of experience is a huge barrier in small business start ups. Lack of experience affects the aspiring entrepreneurs in two ways; experience of running a business and previous working experience. According to Wright *et al.* (2008:137) previous working experience provides valuable knowledge to start up entrepreneurs because it helps the entrepreneur to acquire managerial experience, enhanced reputation, access to finance and broader social and business networks, which are crucial for creating a new business venture. According to Barringer and Ireland (2008:260), entrepreneurs with previous industry experience have more mature networks of the industry and will have a better understanding of that particular industry. Past entrepreneurial experience on the other hand signifies an important organizational resource that can be equated to all other important resources that are required to establish a small business venture (Wright *et al.*, 2008:137). Barringer and Ireland (2008:260) state that entrepreneurs with prior start up entrepreneurial experience have a distinct advantage because launching a new venture is a complex task. Hernández-Ortega, Jiménez-Martínez and Martín-DeHoyos (2009:8/9) conclude that previous experience (both entrepreneurial and previous work experience) is vital in starting a successful business venture as both experiences enable entrepreneurs to build on to their knowledge based on the foundation of knowledge that the entrepreneurs already possess.

### **2.3.2.9 Access to appropriate technology**

Lack of appropriate technology is a major barrier to small business start ups, in most countries but especially in developing countries. The use of technology is responsible for most of the innovations worldwide, and technology-based firms are important drivers of innovation and growth (Wright *et al.*, 2008:131; Hernández-Ortega *et al.*, 2009:8). Technological resources also encompass intellectual property rights (West III, Bamford and Marsden, 2008:19). Nieman *et al.* (2007: 33/4) and Hernández-Ortega *et al.* (2009:8) agree with this view by highlighting that the use of appropriate technology acts as a source of competitive advantage in the small business sector. The use of advanced technology in the small business sector leads to better, improved products and higher levels of efficiency which would result in lower operating costs. Kyobe (2004:131) supports this view by highlighting that the use of appropriate technology reduces cost and improves customer services. Chiware and Dick (2008:155) argue that the use of technology enhances the capacity for the small business sector to compete in the global market. According to Mutula and Van Brakel (2007: 232), technology is also a powerful tool for socio and economic development, and it is important to both small and large businesses. In other words, the use of technology in small businesses is equally important as it is required in large corporations. Therefore, small business ventures must strive to incorporate the use of appropriate technology in their business strategies (Mutula and Van Brakel, 2007: 242).

### **2.3.2.10 Regulatory framework**

Adhering to proper regulatory framework is a major hurdle for most entrepreneurs, especially during the start up phase. Nieman *et al.* (2007: 114) state that most entrepreneurs find it difficult to adhere to certain legal aspects that are associated with establishing a new venture. Bruton, Ahlstrom and Obloj (2008:11) argue that the legal systems in most emerging economies are underdeveloped. As a result of this, the onus is on the entrepreneur to find ways of substituting a weaker legal system with a working system, whilst on the other hand, trying to operate the business without breaking the laws of that country (Bruton *et al.*, 2008:11). It is also crucial for the entrepreneur to ensure that the business operates within the

legal framework of the country (Nieman *et al.*, 2007:111/114). Most entrepreneurs end up in a difficult situation as they cannot afford to pay professional lawyers for legal advice.

Bureaucratic registration processes also act as a barrier to small business start ups (Klapper, Laeven and Rajan, 2006:592). As a result of this, there has been an increased interest in the development of a conducive and enabling regulatory environment that could allow entrepreneurship to flourish in an economy (Mcpherson and Rous, 2010:159). In Africa, there are three countries that are believed to provide moderate business environments which are conducive for entrepreneurship. These countries are; Kenya, Ghana and Nigeria. These three countries are believed to have made significant progress in reducing stringent policies which work against the growth of entrepreneurship (Benzing and Chu, 2009:61). In 2006, Ghana was actually named as one of the top ten reformers of the business environment (Benzing and Chu, 2009:61).

Entrepreneurs also tend to overestimate their knowledge of the law and also underestimate the amount of legal support that they require during the business start up (Nieman *et al.*, 2007: 129). Most entrepreneurs do not have the legal expertise which is required for starting a new business venture, such as understanding registration, lease agreements, business contracts, labour laws and environmental laws, just to mention a few. Klapper, Laeven and Rajan (2006:620) are of the view that strong patent protection would encourage new firms to develop research in new products and services and this would benefit the whole economy. On the other hand, a more stringent regulatory environment would discourage research and innovation in an economy (Klapper *et al.*, 2006:620). Therefore, policy makers should endeavour to strike a balance between a more stringent and tough regulatory framework and at the same time creating an environment that encourages innovation to flourish in a country. Underwood (2009:570) and Benzing and Chu (2009:72) believe that more flexible regulations encourage small development. Barringer and Ireland (2008:192) point out that those legal mistakes that are done during the inception of the business may be costly for the new venture in the long run.

### **2.3.2.11 Lack of business networks**

Lack of networks is another problem that most entrepreneurs experience in entrepreneurship. Nieman *et al.* (2007:114) support this view by pointing out that the feeling of isolation is one of the greatest challenges that entrepreneurs face. Networks have been explained in different ways in the existing literature. Premaratne (2002:2) defines networks as personal relationships between an entrepreneur and his 'external actors'. These external actors or outsiders can be individuals or organizations who are not directly employed by the entrepreneur (Premaratne, 2002:2). O'Donnell (2004:207) defines small business networks as an activity in which small business owners build and manage personal relationships with particular individuals who are close to them. Longenecker, Moore and Petty (2003:467) support this by highlighting that networking is the process of developing and engaging in mutually beneficial relationships.

Although networks have been interpreted in several ways, the bottom line that is important to the small business sector is how networks relate to business performance especially during the start phase. Developing an entrepreneurial network is essential because it acts as a stepping stone for the formation of discussion forums on the unique challenges that entrepreneurs encounter on their daily operations. Business networks are a means of sharing information, feedback, prospect leads, contacts and resources. More importantly, a large body of literature has shown a strong positive association between networking and entrepreneurship or small business performance (Jenssen and Greve, 2002:255). Being in the right place at the right time is not enough to make things happen anymore, networking is the key to preparing for those business opportunities (Sandberg, 2003:409). Furthermore, it is not the existence of network per se, that is important to small businesses, but rather the use of these networks through the process of networking that the small business enterprise accrues benefits from (O'Donnell, 2004: 207).

## 2.4 Conclusion

The small and medium enterprises (SMEs) play a fundamental role in the process of economic development and its contribution towards the entire globe is beyond debate (Soontiëns, 2002:710; Bruton *et al.*, 2008:1; Okello-Obura *et al.*, 2008:368; Mcpherson and Rous, 2010:159). Entrepreneurship contributes to the socio economic, as well as the political transformation of any economy (Hussain, Millman and Matlay, 2006:584). Due to the positive impact of small business development, more jobs are created, standards of living are raised and more innovative products are introduced to the markets which results in variety of products being available to the consumers at lower prices, just to mention a few.

From the discussion of the barriers to entry, it can be concluded that entrepreneurs experience a lot of barriers during the start-up phases of their small businesses. Some of these barriers to entry that upcoming small business owners encounter are; access to human resources, lack of business training, lack of affordable business premises, stringent regulatory framework, access to sustainable markets, lack of education and lack of appropriate technology, just to mention a few. There is no barrier of entry that is more important than the others. Hence, it is important to consider all the possible barriers in policy formulation that stimulate the growth of new businesses. The stimulation of entrepreneurship in an economy requires a holistic approach. In other words, all barriers need to be addressed fairly for entrepreneurship to reach its full potential in a country.

Chapter 2 has also outlined some of the general barriers to entry that are experienced by all entrepreneurs. The following chapter will discuss how the barriers of entry into the small business sector affect women entrepreneurs in their pursuit to empower themselves economically through the establishment of small businesses ventures. The next chapter will explain the gender sensitiveness that is inherent in these barriers to entry into entrepreneurship because these challenges may appear to be similar on the surface. For example, all entrepreneurs experience difficulties in accessing capital resources for their new small business ventures. But, when women encounter difficulties in accessing capital resources, the same challenge will have a “female face” attached to it. In other words, the

same barriers will be confined to gender. Thus, women will for example experience gender discrimination in the way they access capital resources which is not the same with their male counterparts.



## CHAPTER 3

### GENDER SPECIFIC ENTRY BARRIERS

This chapter seeks to review literature on the barriers to entry that women entrepreneurs encounter in the field of entrepreneurship. This chapter also highlights and explain the gender sensitiveness that is inherent in these peculiar challenges that women encounter in the small business sector.

#### 3.1 Introduction

Generally, women face a lot of challenges in all walks of life. Some of these challenges according to Mboko and Smith-Hunter (2009:167) include gloomy economic conditions coupled with a high level of unemployment, rising food prices and discrimination in the mainstream labour market. On top of these challenges, most women nowadays are raising families single handed. This is a common trend these days, probably due to the choices and decisions that women are making, for example, choosing to be a single parent. Most importantly, female headed households are increasing due to increased number of divorces. Mboko and Smith-Hunter (2009:167) support this by arguing that increased number of divorces in today's societies has led to increased number of female headed households. In the developing countries women are often marginalized. Therefore, improving the lives of women in our societies would impact positively on the standards of living of their families as their family lives would improve significantly (Singh and Belwal, 2008:122). In addition to this, females constitute a larger portion of people who are susceptible to poverty (Pines, Lerner and Schwartz, 2010:190; Hartmann, 2009:42). These challenges have lead females to appreciate and understand the benefits of starting small business ventures (Mboko and Smith-Hunter, 2009:167). In this regard, Singh and Belwal (2008:124) advocate for an urgent need to empower women in the SME sector in order to develop them as sustainable wealth creators. According to Welter (2004:221), promoting and supporting females to start small businesses is indeed a means of raising entrepreneurship within an economy. Self employment or entrepreneurship empowers women economically and it increases the scope of the role played by women within economies (Roomi, Harrison and Beaumont-Kerridge,

2009:271). Mordi, Simpson, Singh and Okafor (2010:5) concurs with this notion by pointing out that of late, entrepreneurial literature has to a larger extent acknowledged the increased desire by women to become economically independent. The increased desire for economic freedom by females has led to the mushrooming of a lot of small businesses which are owned and operated by women. As a result of this, women in advanced economies, own more than twenty five percent of all businesses (Mboko and Smith-Hunter, 2009:167). In the USA for example, one out of every four company workers is employed by a woman owned firm (Woldie and Adersua, 2004:78). In Sub-Saharan Africa women are producing more than eighty percent of the total food requirements for the region, while in North Africa they are producing approximately thirty four percent of the food (Woldie and Adersua, 2004:78). Interesting to note, is the fact that although women in the developing world experience higher degrees of poverty than women in the developed nations, research has revealed that more women in poor economies are starting small businesses at a faster rate than their counterparts in the developed countries. This is due to the fact that women in developing countries are left with starting small businesses as the last resort as a means for survival. Pines, Lerner and Schwartz (2010:188) agree with this idea by highlighting that, the rate of entrepreneurship among females is higher in countries which have very low income per capita such as Angola, Bolivia and Peru. They further point out that the rate of female entrepreneurship is lower in countries where the general income per capita is high such as Israel, Germany and the United Kingdom (Pines *et al.*, 2010:188).

Motivation for starting small businesses among females can be explained in two categories which are: necessity (push factors) and opportunity (pull factors) (Pines *et al.*, 2010:188). “Push” factors force people to become entrepreneurs, while on the other hand “pull” factors attract them into entrepreneurship. According to Still and Walker (2006:298), women are traditionally likely to be “pushed” rather than “pulled” into small business ownership. Pines *et al.* (2010:188) argue that women in poor countries are more likely to be influenced to start small businesses by “push” factors rather than by “pull” factors. The reason for this could be attributed to the fact that entrepreneurship represents a “key” to economic freedom and independence as well as representing a means of survival.

The subsequent section will explore the barriers to entrepreneurship experienced by women.

### 3.2 Barriers to entry into women entrepreneurship

Women like their male counterparts also face barriers to entry into entrepreneurship. Women across the globe continue to face a lot of challenges in the small business sector (Merrett and Gruidl, 2000:425; McKay, 2001:153; Mattis, 2004:154; Singh and Belwal, 2008:124/125; Hossain, Naser, Zaman and Nuseibeh, 2009:202). Boohene Sheridan and Kotey (2008:252) argue that women encounter barriers into entrepreneurship that are economic as well as socio-cultural in nature. Mordi, Simpson, Singh and Okafor (2010:8) support this by pointing out that these challenges faced by women entrepreneurs are often underpinned by the economic, cultural and the religious environment. Treanor and Henry (2010:130) are of the view that apart from socio-cultural barriers, women entrepreneurs also face gender-specific barriers surrounding access to networks of information, poor linkage to support services and access to finance and investment funds. Singh and Belwal (2008:124/125) add the following challenges which are; family responsibilities, political instability, poor infrastructure, high-production costs, poor access to market information, limited access to technology, gaps between policy and implementation and an unfavorable business environment.

The variables that are widening the gap between policy and implementation in this country will be discussed in chapter six as these constitute an integral part of this study. Some of these variables are; lack of information on the available support programmes, corruption on the part of the service providers, lack of capacity and skills to deal with the challenges that women are facing and self-confidence, just to mention a few.

The above challenges have been considered to be greater among female than male entrepreneurs (McKay, 2001: 153) and this according to Merrett and Gruidl (2000:425) have resulted in a higher failure rate among female owned small businesses. Nieman *et al.* (2007:35) agree by pointing out that, while establishing a small business is highly acknowledged as being risk, the risk of starting a small business is even higher among aspiring female entrepreneurs. This could be linked to the fact that women do not enjoy the same opportunities that men enjoy in our societies (Woldie and Adersua, 2004:79). In other words, women encounter gender specific barriers to entry into entrepreneurship (Nieman *et*

*al.*, 2007:35). The fact that the majority of women owned small businesses remain very small and grow at a slower pace as compared to the businesses headed by males suggests that women experience greater challenges in the small business sector (Mattis, 2004:154/5). Singh and Belwal (2008:124/125) support this view by arguing that women entrepreneurs encounter more operational and strategic impediments than their male counterparts. This could be due to the fact that starting a small business requires a variety of skills. One of the skills required for starting a small business venture is, the formulation of sustainable long terms strategies right from the onset. Apart from this, the entrepreneur should have the ability to skilfully gather all the necessary resources in a well-balanced manner as outlined in the business plan. Although, Tillmar (2007:85) believes that the importance and contribution of women entrepreneurs is widely acknowledged in both western economies and developing countries, Kwesiga (2008:472) is of the view that women in Africa experience a plethora of obstacles into the small business sector. In Nigeria, for instance, the majority of women are running micro businesses which are very small and petty in terms of size and income generating capacity. In Uganda for example, women owned businesses are performing far worse than the male owned businesses due to the challenges that they encounter when they venture into entrepreneurship (Kwesiga, 2008:472). Although women owned businesses are very small in terms of size, their cumulative contribution towards the African economy cannot be down played. It is for this reason that Tillmar (2007:85) argues that, supporting women entrepreneurship is the best initiative that any country can take in order to fully benefit from their (women) potential.

It is crucial to point out that although this chapter is focusing on the gender specific barriers to entry into entrepreneurship, the barriers discussed below are not exhaustive as barriers to women entrepreneurship differ from country to country. Forson (2006:420) supports this view by highlighting that there is by no means an exhaustive list of challenges that are faced by women entrepreneurs. This could be linked to the fact that a single barrier to entry would definitely affect female entrepreneurs differently depending on other various factors. For example, lack of access to start up capital affects women in various ways and degrees. A female entrepreneur in a remote rural area in a developing country is bound to suffer the most. Thus, there is lack of information on the different methods of funding small businesses, lack of collateral is also major problem and women also experience gender discrimination

when applying for start up loans. On the other hand, information on different types of start up capital is readily available to women in developed countries.

### **3. 2.1 Access to finance**

Raising seed capital is a minefield for start up businesses (Nieman *et al.*, 2007:32) and almost all entrepreneurs are affected by this problem. A significant number of women entrepreneurs are facing challenges in obtaining start-up capital for their small businesses (McKay, 2001: 153; De Bruin and Flint-Hartle, 2005:109; Still and Walker, 2006:295; Abor and Biekpe, 2006:106; Nieman *et al.*, 2007:34; Mboko and Smith-Hunter, 2009: 160; Treanor and Henry, 2010:131). Lack of sufficient start-up capital is hindering the growth of women entrepreneurship (Still and Walker, 2006:299) and yet financial resources are considered to be the engine for launching a successful business venture (Roomi *et al.*, 2009:281). Pines *et al.* (2010:187) further argue that the plight of women entrepreneurs with regard to obtaining financial resources for small business start ups actually worsened with the recent economic crises.

Women entrepreneurs differ from their male counterparts in terms of the ways in which they finance their businesses (Pines *et al.*, 2010:187; Singh and Belwal, 2008:126). According to Singh and Belwal (2008:126), female business owners are likely to use different sources of funding for business start up because of their desire to mitigate the levels of risk. These differences between males and females regarding the methods of raising capital can be explained in various ways (Pines *et al.*, 2010:187). For example, the experience of the entrepreneur, the nature and type of business and the business owner's expertise in running and operating a business are some of the critical issues that are considered by financial institutions (Pines *et al.*, 2010:187). All these factors tend to work against women businesses in that they (women) lack among other issues, experience and management expertise of running small businesses. In addition to this, the types of businesses that females establish are more likely to be an extension of their household chores. As a result of this, female business owners borrow less frequently from banks and in much smaller amounts as compared to male business owners (Singh and Belwal, 2008:126). Stringfellow and Shaw (2009:140/141) are of the view that the service sector as a whole tends to have relatively low entry barriers and

low set-up costs in terms of required financial resources. Therefore, there is a need to understand the behaviour of women entrepreneurs seeking finances as this could assist in reducing the financial burden for aspiring women entrepreneurs (Singh and Belwal, 2008:126). This could be achieved through formulating appropriate policies and awareness plans that help women to overcome this financial barrier in the small business sector (Singh and Belwal, 2008:126). Male entrepreneurs, on the other hand, have an upper hand in obtaining start up capital because they own assets that they can cede as collateral. Apart from this, male entrepreneurs start up businesses in significant sectors of the economy such as technology and construction industries that have a higher probability of attracting capital.

In addition to this, Singh and Belwal (2008:126) point out that women also suffer from gender discrimination when it comes to accessing capital. Stringfellow and Shaw (2009:140/141) point out that women have different experiences and success rates in business ownership and this could be associated with lack of adequate financial resources. Lack of credibility (trace record), collateral and unfavorable institutional arrangements have also made it difficult for women entrepreneurs to access loans from financial institutions (Sandberg, 2003:409; Abor and Biekpe, 2006:106; Mordi *et al.*, 2010:7/9). Rouse and Jayawarna (2006:390) support this by pointing out that many female entrepreneurs with viable business ventures struggle to demonstrate and prove their credibility to financial institutions. This is due to the fact that a lot of women lack financial track records and assets that they can cede as collateral (Rouse and Jayawarna, 2006:390). As a result of this, many financial institutions often classify women as high risk borrowers. In Nigeria, for example, banks are often reluctant to offer loans to women as the entire financial system favours men (Mordi *et al.*, 2010:10). Singh and Belwal (2008:126) argue that gender discrimination in lending is also manifested in situations whereby women's loan applications are declined even though they might have the required collateral.

Welter (2004: 221) cites four different types of gender discrimination that females encounter when it comes to accessing start- up capital for their businesses. These are pure gender discrimination, institutional gender discrimination, statistical gender discrimination and

economic gender discrimination. These four types of gender discrimination are discussed below.

**1. Pure gender discrimination**

Under this type of discrimination, women are offered finance on different terms to their male counterparts based on their gender.

**2. Institutional gender discrimination**

Institutional gender discrimination is a situation whereby women get different financial terms based on the perception that women are inferior to males in terms of knowledge and capabilities.

**3. Statistical gender discrimination**

In this case, women are given loans based on the average statistical data which summarizes how females perform in businesses.

**4. Economic gender discrimination**

Women get different financial terms because they fail to satisfy all the minimum loan qualifying criteria. In other words, women get preferential treatment. This can be evidenced in situations whereby women can still get the loan despite failing to meet the minimum loan requirements. The failure to meet the loan requirements would then be compensated through other means. For example, a higher interest rate may be charged to compensate for the high level of risk that is involved in approving a loan to an individual who fails to meet the minimum qualifying criteria. An alternative way to deal with this situation could be to change the loan category. For example, if a woman had applied for a five year loan, she could still qualify for the same amount, but under a different loan category such as a short term loan for three years.

In addition to this, Abor and Biekpe, (2006:107) argue that women are faced with even more unfavourable financing conditions like co-signatory requirements and higher interest rates on

loans than their male counterparts. There is, however, conflicting evidence as to whether or not women entrepreneurs face gender-specific problems in accessing business overdrafts and loans (Abor and Biekpe, 2006:107). Although women suffer from gender discrimination in the process of securing capital from private financiers, it is also crucial to point out that private financial institutions are in business to make profit. One way of making profit is to lend money to customers with a low risk profile. Therefore, at times it may appear as though banks are discriminating against women and yet it might be linked to the fact that, some women do not meet the requirements for qualifying for loans. Stringfellow and Shaw (2009:140/141) concur that banks are unlikely to openly discriminate against women attempting to acquire finance because they (the banks) consider the nature of the relationship between the institution and the borrower to be based on trust and reputation. Trust and reputation are very crucial for the success of the financial institution.

Due to the fact that the majority of women entrepreneurs fail to get access to start up capital, many women end up establishing their small businesses with insufficient financial resources. A large body of literature has pointed out that female owned businesses end up establishing their businesses with lower levels of capital, lower levels of debt finance and even less likely to get access to private equity or venture capital (Roomi *et al.*, 2009:278; Abor and Biekpe, 2006:107). Most women start up their enterprises with a third of the actual required capital (Forson, 2006:423) such that the small businesses will be undercapitalized (Stringfellow and Shaw, 2009:140/141; Abor and Biekpe, 2006:107). As a result of this, the majority of women owned businesses are likely to experience cash flow problems right from the onset. According to Abor and Biekpe (2006:106), insufficient liquidity is frequently cited as the main cause for small business failures.

A large body of literature argues that women entrepreneurs set up their businesses using personal and household savings, profit re-investment, angel funds, finance from friends, family inheritance, contribution of partners, government grants and credit cards (Mattis, 2004:154; De Bruin and Flint-Hartle, 2005:117; Still and Walker, 2006:299; Singh and Belwal, 2008:126). While some women would get financial assistance from family members or “important family ties”, a lot of women do not even have families who can help them with



start up capital. Although these sources of funding go a long way in helping women with start up capital, in most cases women are not taken seriously even with their family members. Bruni, Gherardi and Poggio (2004:262/263) concur with this by highlighting that people are likely to come up with the assumption that “women cannot handle money”.

Apart from the failure by women entrepreneurs to access start-up capital, it is also crucial to point out that women entrepreneurs also suffer from lack of capital resources for growing and expanding their small businesses. Roomi *et al.* (2009:278) agree with this opinion by highlighting that access to capital for expansion is indeed one of the most crucial factors hindering the growth of women enterprises, yet, women are more interested in growing their small business ventures than before (Still and Walker, 2006:295). This has resulted in women owned businesses growing up at a lower rate than male owned small businesses. Forson (2006:423) state that women enterprises in the United Kingdom grow at a slower rate than their male counterparts.

### **3. 2.2 Lack of self confidence**

Lack of self-confidence is considered to be one of the major barriers to women entrepreneurship (Mordi *et al.*, 2010:91; Pines *et al.*, 2010:194). According to Brindley (2005:156) lack of confidence can further increase barriers to women who are considering self-employment as a possible career. According to Kirkwood (2009:118), men tend to have higher levels of self-confidence than women and that this affects their entrepreneurial goals and the way they behave in starting and running their small businesses. Female entrepreneurs display lack of self-confidence in their own abilities as entrepreneurs than male entrepreneurs (Kirkwood, 2009:118). For example, low levels of self confidence experienced by female entrepreneurs tend to affect their social and business networks as well (Pines *et al.*, 2010:194). According to Kirkwood (2009:118), lack of confidence continue to act as a constraint in that it affects the ability of women to acquire the necessary required capital for their small businesses (start up and expansion capital). Therefore, lack of confidence hinders the growth of women entrepreneurship.

### 3. 2.3 Limited educational opportunities

Limited educational opportunities act as a major barrier to aspiring women business owners, since they hinder the growth of women entrepreneurship (Nieman *et al.*, 2007:35; Singh and Belwal, 2008:124/125; Mboko and Smith-Hunter, 2009: 160; Afza and Rashid, 2009:248). Generally, the unemployment rate of women is higher in the rural areas due to low levels of education. This has contributed to the majority of these women being involved in subsistence farming for a living. Thus, low levels of education in these geographical areas limit the number of women who can start up sustainable small businesses.

In Greece for example, there are high levels of unemployment in the countryside as a result of inadequate working (employment) skills and low levels of education (Petridou and Glaveli, 2008: 262/263). On the contrary, Mordi *et al.* (2010:16) argue that in the western context, women are not discouraged from starting businesses due to personal factors such as lack of educational or other kinds of abilities, but it is more to do with gender discrimination. There are difference between male and female entrepreneurs in terms of levels of education and how it impacts on entrepreneurship (Mboko and Smith-Hunter, 2009:160).

In Africa, “the girl child” phenomenon has also contributed to low levels of females participating in establishing sustainable business ventures. The majority of these women are involved in micro small businesses for survival means. Women entrepreneurs in Nigeria, for example, are often prevented from running competitive businesses because of relatively low educational background and low skill levels (Woldie and Adersua, 2004:79). This in turn, affects and limits women’s ability to access the various entrepreneurship support services that are available (Woldie and Adersua, 2004:79).

In South Africa, for example, part 2.3.3 of the White Paper, points out that the educational system (the Bantu Education) during the apartheid era, restricted opportunities for the acquisition of technical and professional skills by black people (White Paper, 1995:10). As a result, this type of educational system failed to equip and prepare the former disadvantaged

people with the necessary educational skills that are required to start small businesses. This has in a way, limited the number of women entering the small business sector together with their ability to operate successful small businesses. The Bantu educational system also affected the quality and type of businesses that women could venture into. As a result of this, most women owned businesses in this country fall under the survivalist small business category. Previously, limited opportunities in education led many women to take up teaching and nursing as a profession to the extent that it affects the type of businesses that they tend to establish, that is, the service industry (McKay, 2001:156). McKay (2001:156) further argue that although, the number of women studying business and other fields is on the increase nowadays, the rate of increase is still very low in terms of making an impact in female entrepreneurship.

### **3. 2.4 Gender Discrimination and bias**

Gender discrimination and bias have also played a major role in inhibiting women entrepreneurs from starting businesses. Gender discrimination amongst women is indeed a hurdle to female entrepreneurship (McKay, 2001:153; Mboko and Smith-Hunter, 2009:160; Afza and Rashid, 2009: 248). Women encounter a lot of disadvantages emanating from the gender system in the societies that they live (Tillmar, 2007:85). The issue of gender affects women entrepreneurs because it affects their self confidence, attitude towards success and their achievement motivation (Mboko and Smith-Hunter, 2009:160). The society in general favours men (Mordi *et al.*, 2010:9). According to Kwesiga (2008:471), socio-cultural perspectives and societal values in Africa keep women in subjugated roles and this perpetuate bias towards women small business owners. Merrett and Gruidl (2000:425) state that one of the reasons why women have opted for entrepreneurship as a career was because of gender discrimination in the work places. But, it appears as though gender discrimination is in the minds of the society in that women continue to experience gender segregation even in the small business sector. Bruni *et al.* (2004:262/263) cite gender discrimination in lending which results from prejudice and stereotyping. The argument usually given in defence of gender discrimination in lending is the explanation that the proposed business ventures are not economically viable. An example of notable gender discrimination in financial institutions was cited by Abor and Biekpe (2006:106). They argued that women have suffered persistent prejudice in Sub-Saharan African countries such as Ghana, where the financial sector is male-

dominated (90% of staff in most institutions in Ghana are men) (Abor and Biekpe, 2006:106). Women are side-lined because of the assumption that women cannot handle money (Bruni *et al.*, 2004:262/263). Female entrepreneurs according to Kwesiga (2008:472) need personal development in order to overcome societal biases.

### **3. 2.5 Lack of support (family, friends and relatives)**

Lack of support from family, relatives and friends has been cited as an obstacle that restricts women from starting small businesses. Resistance and discouragement from family and friends on starting small businesses has been widely acknowledged in entrepreneurship literature (McKay, 2001:153; Roomi *et al.*, 2009:280; Afza and Rashid, 2009:248). On family support, Petridou and Glaveli (2008:264) cite partners' attitudes as a major barrier for entering and staying in entrepreneurial activities. According to Kim and Ling (2001:207) spouse support is an important part of women entrepreneurial support networks and this support is a major asset to women owned small businesses. On a similar note, Mordi *et al.* (2010:15) mention that family plays a crucial role during the start-up period irrespective of the marital status of the female entrepreneur. Even single women views spouse and family support to be a major obstacle to women entrepreneurship (Mordi *et al.*, 2010:15). In a study that was conducted by Mordi *et al.* (2010:15) a sizeable minority of the respondents felt that their husbands were a source of constraint in that they were seen to be unsupportive to their entrepreneurial work. A positive attitude from family and spouse in particular, in conjunction with their physical and emotional support goes a long way in assisting women entrepreneurs to achieve positive results in on the performance of their small businesses (Roomi *et al.*, 2009:283). Sandberg (2003:410) postulates that entrepreneurs who come from stable and supportive backgrounds tend to do very well in business.

### **3. 2.6 Work / family balance**

Family responsibilities or rather family commitments play a significant role in discouraging women from starting new business ventures. Striking a balance between running the business

and family responsibilities seems to be problematic for women as a result of greater family responsibilities (Al-Lamky, 2007:59; Mboko and Smith-Hunter, 2009:160; Roomi *et al.*, 2009:283). According to Roomi *et al.* (2009:283), family constitutes a barrier when women cannot give proper time and attention to the business or cannot travel on business because of family commitments such as childcare responsibilities. Family obligations, housework, childcare responsibilities and sickness in the family are not only affecting women during the start up phase, but also constrains growth strategies that women formulate in their small businesses (Roomi *et al.*, 2009:280). In addition to this, Mordi *et al.* (2010:9) point out women entrepreneurs ultimately end up being excluded from key networks because of the time spent on family obligations. A lot of women, however, rely on domestic maids for support regarding some family responsibilities (Kim and Ling, 2001:207).

### **3. 2.7 Lack of experience**

Lack of experience is another barrier that is affecting a lot of aspiring women entrepreneurs (Nieman *et al.*, 2007:35/6; Mboko and Smith-Hunter, 2009:160), yet experience is key for establishing a successful business ventures. Lack of experience can be divided into two categories which are; entrepreneurial experience and prior work experience. Entrepreneurial experience or pre-venture experience is crucial during the start up phase in entrepreneurship because it helps to boost entrepreneurial confidence. Barringer and Ireland (2008:260) argue that launching a business venture is a complex task and entrepreneurs with previous entrepreneurial experience have an additional advantage. Hence, pre-venture experience reduces the risk of small business failures.

On the other hand, prior work experience forms a crucial and strong foundation for establishing a successful business venture. Nieman *et al.* (2008:29) support this by pointing out that entrepreneurs are most likely to succeed especially when they have work experience coupled with education and training. They argue that the chances of succeeding as an entrepreneur further increases when the entrepreneur identified an opportunity in an industry that s/he was working for (Nieman *et al.*, 2008:29). This is due to the fact that the entrepreneur could have established mature networks and gathered more knowledge about the industry.

According to Carter (2000:326) gender differences which may act as constraints on both business start-up and growth phases are also apparent in many aspects of female entrepreneurial activities. One of these constraints includes lack of previous working experience by female entrepreneurs (Carter, 2000:326). Prior work experience is indeed crucial during the establishment and the operational phase of a small business. Mboko and Smith-Hunter (2009:160) argue that there is indeed a difference between male and female entrepreneurs in terms of how previous work experience affects them in both the start up and operational phases of the small business. Generally, men have an upper hand in terms of gaining work experience than women. Therefore, women find it difficult to start up a new venture because in most cases they lack both pre-venture experience and prior working experience.

### **3. 2.8 Lack of appropriate skills**

Lack of appropriate skill is another hurdle that women are facing in entrepreneurship (Nieman *et al.*, 2007:35/6; Mboko and Smith-Hunter, 2009:160). Lack of skills can be explained in two ways; business skill and life skills. Men generally tend to have an upper hand in terms possessing both business and life skills than women. According to Mboko and Smith-Hunter (2009:160), the difference between male and female entrepreneurship can also be linked to the level of skills that they possess. Female and male are perceived to value management principles differently (Sandberg 2003:410). Women also lack business related skills such as marketing, people management skills, negotiation and problem solving skills (Niemen *et al.*, 2007:36). Under life skills, Nieman *et al.* (2007:36) argue that women are failing to become entrepreneurs because they lack basic life skills like self confidence, assertiveness, self motivation, achievement orientation, reliability and communication skills which are essential for business success. Another example is that women are failing to get desired exposure to the media simply because they lack confidence to approach the media houses (Nieman *et al.*, 2007:36). Therefore, women need to be taught on how to address these challenges that are related to the above skills gaps.

### 3. 2.9 Socio - cultural perceptions

Negative socio-cultural perceptions are discouraging women from starting small businesses. According to Bruni *et al.* (2004:262/263) the socio-cultural status of women, which identifies their primary role of a woman with family and domestic responsibilities, reduces the credibility of women's intention of setting up businesses. In addition to this, Killanin (2003:3) mentions that women are not relieved of their household responsibilities when starting small businesses. Customarily, women have the primary responsibility of housekeeping and childcare and the society expects women to carry out these roles simultaneously even if they are employed (Al-Lamky, 2007: 59). Kim and Ling (2001:204) report that as long as the society continues to emphasise women's basic role, as that of mothering, women will continue to face problems. They further argue that while male managers marry and have children; women are often faced with a choice between their careers, marriage and children (Al-Lamky, 2007: 59). All these factors have worked against women in that the roles are equally important as no role is more significant than the other.

To the contrary, men can delegate their family responsibilities to their wives and concentrate fully on their careers (Al-Lamky, 2007:59; Kim and Ling, 2001:207). Men can afford to fulfil their work obligations even after hours (Al-Lamky, 2007:59; Kim and Ling, 2001:207). Women on the other hand, are sometimes called from work regarding a sick child (Al-Lamky, 2007:59). All these factors have contributed to failure by women to achieve their entrepreneurial aspirations. Al-Lamky (2007:59) concurs with this notion by highlighting that most careers are designed around men's orientations, priorities and goals. Most organizations are reluctant to devise meaningful programmes to balance women's home and career obligations (Al-Lamky, 2007:59). The same happens in entrepreneurship, as most women are still encountering difficulties in balancing these two roles. Family and work obligations are difficult to balance because these roles require different degrees of attention at different times.

Again, the society also believes that men and women have different roles in the economy. As a result of this, men and women work in different sections and locations within the economy.

For example, more men work in the manufacturing and the construction sector in the USA (Hartmann, 2009:42). Entrepreneurs are also perceived by the society as possessing stereotypically “masculine” traits, which is indeed another factor that is working against women's credibility as business owners (Mattis, 2004:154/5). As a result of this, men are more likely to start businesses in areas like construction and engineering, whereas women will focus on the service industry. Apart from this, the way people construe issues of life is also related or linked to their cultural beliefs. For example, the definition of success in entrepreneurship by people outside this field is more often measured in financial terms, which may discourage women to become entrepreneurs (Brindley, 2005:156). Women measure success qualitatively in terms of personal satisfaction and customer service rating, just to mention a few (Moore, 2004:80; Brindley, 2005:156). To the contrary, men tend to measure success in quantitative terms, such as profitability and turnover (Moore, 2004:80; Brindley, 2005:156). Mboko and Smith-Hunter (2009: 160) and McKay (2001:153) advocate for the need to develop ways of overcoming cultural perceptions and encourage more women to take up entrepreneurship as a career. Mboko and Smith-Hunter (2009:167) sum up by arguing that negative societal perceptions by women can affect their achievement aspirations.

In as much as societal perceptions are negatively affecting women who aspire to become entrepreneurs, it is also crucial to mention that these perceptions cannot be dealt with in the short term. This is due to the fact that changing the way the society perceives issue of life takes a long time to be resolved. O’Neill (2008:7) supports this by pointing out these perceptions are not easily changed in the short term.

### **3. 2.10 Women are perceived to be unenthusiastic**

Another reason why women are not venturing into the SME sector is that societies perceive women to be unenthusiastic and not motivated enough to take up business related challenges. Al-Lamky (2007:58) supports this sentiment by arguing that generally, women are typically thought to be weak, dependent, passive and not competitive. He further argues that women are stereotyped as moody, emotionally unstable, take things personally, easily burnout under pressure and typically allow their personal lives or families to get in the way of their careers



(Al-Lamky, 2007:58). According to Mordi *et al.* (2010:7), societies also perceive that women are less serious in business, less committed and unable to handle the risk and volatilities of a business enterprise (Mordi *et al.*, 2010:8). Nieman *et al.* (2008:36) postulate that women suffer from low credibility when it comes to dealing with various stakeholders associated with their new ventures. These stakeholders include among other key relationships, suppliers, bankers, customers just to mention a few. Apart from women being sidelined in business dealings, their networking capabilities are also affected negatively. Therefore, the onus is on women to find ways of dealing and coping with societal perceptions because it is difficult to change the mindset of societies overnight. Women must also motivate and encourage each other in entrepreneurship. Self-confidence is important because it is difficult to operate a successful business venture if the owner does not believe in herself. Robertson, Collins, Medeira and Slater (2003:313) agree that a business will neither start up nor succeed without motivation.

### **3. 2.11 Access to key resources**

Women entrepreneurs also encounter problems in gaining access to resources that are available to the society (Roomi *et al.*, 2009:283; Bruni *et al.*, 2004:262/263). Lack of access to resources hinders the establishment, growth and success of new small business ventures (Mboko and Smith-Hunter, 2009:160). According to Afza and Rashid (2009:248), lack of access and control over resources are classified as barriers to start up and growth of women entrepreneurship. Finding appropriate business premises is also considered to be a minefield to a lot of female entrepreneurs. Some of the reasons cited for difficulties in finding appropriate business premises could be linked to lack of information and knowledge on how to search for new business premises. A weak networking system is another reason why women fail to secure business premises. SAWEN (2008:2) supports this view by arguing that women entrepreneurs need assistance in choosing office and factory space.

Apart from the difficulties in finding the appropriate business premises for their new businesses, most women even face more challenges in that they are unfairly charged higher rental per square metre than their male counterparts in established business centres or malls.

This could also be linked to poor negotiating skills. In addition to this, most women entrepreneurs cannot afford to pay for the rentals that are charged in prime business locations (SAWEN, 2008:2). Mordi *et al.* (2010:16) also cite high rentals as a barrier for the establishment and growth of female owned small businesses. Due to failure by women entrepreneurs to secure appropriate business premises, most women end up working from home. According to Loscocco and Smith-Hunter (2004:165), women are most likely to establish and operate their small businesses from home compared to their male counterparts. The home can be seen as a good starting point for a woman to establish a business because it represents an inexpensive location. Operating a business from home also presents an opportunity for a woman to combine work and family duties (Loscocco and Smith-Hunter, 2004:165), provided the type of business permits the entrepreneur to do so. Although operating a business from home lowers operating costs for the business, it is important to point out that not all businesses can be operated from home. Sometimes, it becomes difficult to draw the line between family and work related issues.

In most third world countries such as Africa, inconsistent power supplies also hinder and limit the opportunities that are available to women regarding the establishment of small business ventures. According to Mordi *et al.* (2010:16) consistent power supplies are vital for the success of small business development in any country. In addition to this, the rising cost of raw material has also contributed in making female-owned enterprises uncompetitive in this highly competitive business environment (Roomi *et al.*, 2009:279). Women entrepreneurs also encounter difficulties in affording delivery channels that are linked to prime markets (SAWEN, 2008:2). While entrepreneurs may have access to most key resources, these resources according to Roomi *et al.* (2009:280) must be complimented with good and effective network contacts. Above all, the ability to organise these resources optimally is crucial for the success of any small business venture.

### **3. 2.12 Access to human resources**

Availability of human capital or resources is a major obstacle to women entrepreneurs (Tulus, 2007:10) especially when the negative social perceptions are taken into consideration.

Human resources are considered to be the engine of growth for any enterprise (Roomi *et al.*, 2009:281). According to Roomi *et al.* (2009:279), there are entrepreneurs who have innovative ideas, proper business plans and access to capital for establishing the business through banks or business angels. These entrepreneurs still face shortage of skilled and dedicated employees at reasonably competitive salaries (Roomi *et al.*, 2009:279). Male employees appear to be reluctant to be employed under women management especially in small businesses. Roomi *et al.* (2009:273) state that female owned businesses have fewer employees than male owned small businesses. Apart from this, small businesses are perceived to be uncompetitive in terms of employee benefits as compared to large businesses due to the stringent capital constraints that they operate in. Temtime *et al.* (2004:564) support that generally small firms pay lower salaries as compared to larger firms. All these factors work against women small businesses. Women entrepreneurs also experience a high turnover of skilled staff as they find better jobs at higher salaries and better perks in large businesses (Roomi *et al.*, 2009:279). To the contrary, some authors have argued that employees in small businesses experience higher job satisfaction because these employees are exposed to performing different functions within the small business. On the other hand, employees from large businesses mainly focus on specialized job functions which could become boring and monotonous (Megginson, Byrd and Megginson, 2000:15).

### **3. 2.13           Lack of networks**

One of the greatest challenges of an entrepreneur is the feeling of isolation and yet networking increases the chances of the entrepreneur's success (Barringer and Ireland 2008:260). Developing a sound entrepreneurial network is essential to overcome some of the unique challenges that female entrepreneurs encounter. According to Bruni, *et al.* (2004:262/263) and Moore (2004:80) access to networks is another barrier against female entrepreneurship and yet networking provides a means of sharing information feedback, prospect leads, contacts and resources. Roomi *et al.* (2009:280/3) support this by pointing out that women entrepreneurs lack effective networking abilities as they fail to convert network opportunities into potential business opportunities.

According to Moore (2004:80) and Sandberg (2003:410) network diversity is positively related to personal sources of financing especially among women entrepreneurs with high family intensity. Gender differences play a significant role in the type of networks in which business owners are embedded in and the use of these networks for business purposes. Carter (2000:326) supports this by pointing out that gender differences in as far as networking is concerned may act as constraints on both business start-up and growth in many aspects of female entrepreneurial activities. Women business owners' networks differ significantly from those of men regarding activity levels, density and with whom they network with (Neergaard, Denmark, Shaw and Carter, 2005:339). According to Mordi *et al.* (2010:7) female entrepreneurs spend less time networking than their male counterparts. In fact, access to networking is still an uneven playing field for women entrepreneurs and this explains why there are differentials in business start-ups between men and women (Moore, 2004:80). Women should in fact network more than their male counterparts if they are to overcome this networking challenge as they are often less welcome in social networks and left out in business functions, meaning that they have limited access to information (Carter, 2000:330).

On top of all this, Thierry (2007:1368) argues that networking is a major ingredient for successful gendered, export-led and poverty reduction strategies. This is due to the fact that networks are one of the key mechanisms for providing access to information, new customers and suppliers. Networks are also a key resource for reducing women's marginalization and exclusion from formal economic structures (Thierry, 2007:1368; Mordi *et al.*, 2010:7). Networks bring women entrepreneurs out of their isolation hence strengthening their participation and integration in export markets (Thierry, 2007:1368). Mordi *et al.* (2010:9) also argue that in countries where women are allowed limited freedom to associate with men other than their husbands or sons, the size of the networks will be small and the composition will be largely female based. This factor is likely to starve women of useful information sharing, appropriate data on customers, suppliers and mentorship. Ultimately, social structures and the way women socialise influence the human and social capital endowments on which they start their businesses. Lack of networking plays a major role in performance and failure of female owned firms.

On the other hand, Killanin (2003:2) argues that despite the complexity of issues that surrounds women's networking abilities, women are increasingly developing business networks that are enriching them in many areas such as accessing capital and business support.

### **3. 2.14      Lack of training**

Entrepreneurs need to be trained on the basic management roles of planning, organizing, controlling and leading as the ability to fully utilize these roles lack among women entrepreneurs. According to Roomi *et al.* (2009:280), there is an absence of strategic planning in women owned small businesses. Planning tend to be unstructured and irregular in small businesses (Sandberg, 2003:410). Sandberg (2003:410) further argues that both strategic and operational planning is essential for achieving high levels of business performance. Lack of business management training facilities is also singled out as a major barrier for both start up and growth of women entrepreneurs (Roomi *et al.*, 2009:280). Nieman *et al.* (2007:35) support this view by arguing that women also suffer from lack of training in specific fields in entrepreneurship. Lack of access to training has been linked to under-performance of women owned businesses (Roomi *et al.*, 2009:280). Nieman *et al.* (2007:36), report that even if training is provided to all entrepreneurs, the type of training has a weakness in that it tends to focus more on the training of the traditional manager and not of an entrepreneur. In other words, the training curriculum for entrepreneurs should be tailor made to suit the unique challenges that all entrepreneurs are facing especially women entrepreneurs. Enhancing the capacity of female entrepreneurs to make and implement strategic decisions should be prioritized by the policy makers (Mboko and Smith-Hunter, 2009:167).

### **3. 2.15      Lack of business support and role models**

Business support and role models are crucial for the success and growth of female owned small businesses. Lack of business support and advice has been cited as a barrier to female entrepreneurs as it also affects their survival in the small business world (Mordi *et al.*,

2010:16; Roomi *et al.*, 2009:280; Bruni *et al.*, 2004:262/263). According to Afza and Rashid (2009: 248), lack of entrepreneurial orientation is an impediment to female entrepreneurship. There is also lack of mentorship support programmes among women entrepreneurs. Nieman *et al.* (2007:36) concur that there is a virtual absence of mentorship programmes for women entrepreneurs. Moore (2004:80) reports that women business owners are less likely to have a mentor when they start up their businesses than their male counterparts. As a result of this, women end up paying business consultants for business advice on the management and operation of the enterprise (Moore, 2004:80). Female entrepreneurs have fewer role models available to them than male entrepreneurs (Mattis, 2004:154). It is therefore important for female entrepreneurs to find role models that they can draw inspiration from, especially during difficult times.

### **3. 2.16            Access to markets**

Access to profitable and sustainable markets is very crucial for the success of any small businesses. Nieman *et al.* (2007:32) supports that lack of sustainable markets for products and services is a major challenge for SMEs because entrepreneurs tend to produce and offer products and services that do not have a ready market. Most entrepreneurs tend to forget that the business environment is continuously changing (Nieman *et al.*, 2007:32). Entrepreneurs should develop products and services that add value to the consumers. Customers are looking for convenience products that offer value for money. Again most entrepreneurs make the fatal mistake of not involving customers in their market research. It is also important to mention that entrepreneurs must clearly define their market niches and avoid trying to satisfy the needs of every consumer in the market. Being everything to everyone, may lead into lack of focus and it is a recipe for disaster. According to Roomi *et al.* (2009:273) women-owned businesses have lower sales turnover than men owned businesses because of lack of marketing strategy. Lack of proper marketing and effective selling skills is a problematic area among female entrepreneurs especially in this environment where competition is very intense (Roomi *et al.*, 2009:280). Therefore, there is also a need to empower women as legitimate economic actors and to strengthen their entrepreneurial role in domestic markets as a building block for promoting national development.

In addition to this, it appears as if female entrepreneurs are not taken seriously when it comes to clinching big businesses deals or business tenders. According to Mordi *et al.* (2010:16), female entrepreneurs encounter difficulties in finding acceptance in the market place as well as respect from customers. Bates, (2002:314) concurs with this by pointing out that women business owners often complain that they are not taken seriously, especially when they bid for big business deals. He further argues that convincing government procurement officials and corporate customers that they are as competent as men is one of the challenges that women owned businesses face (Bates, 2002:314).

Apart from establishing sustainable local markets for goods and services, exporting is another lucrative option for entrepreneurs provided thorough and detailed market research is carried out before embarking on foreign markets. Women-led businesses are also participating in exports markets. This is supported by Thierry (2007:1366) who points out that women participate in international trade not only as workers, but also as entrepreneurs who make a valuable contribution to increasing export capacity of their countries. However, very few women entrepreneurs have the capacity to respond to the emerging opportunities from the export sector (Thierry, 2007:1366). Thierry (2007:1360) suggests the need to acknowledge gendered resource constraints and dedicate urgent attention to strengthening women's capacity to participate fully in the global economy. Thierry (2007:1360) further argues that for trade to work in favour of poverty reduction, it is necessary to promote the habit of venturing into foreign (export) markets among women entrepreneurs. This should be done in such a way that both parties (the exporter and the importer) benefit from the transaction (Thierry, 2007:1360). Thus, there should be a win-win situation. Poverty, per se, is gendered, and any trade strategy aimed at poverty reduction needs to be sensitive to women because the majority of women are living in extreme poverty in the third world countries (Thierry, 2007:1360).

### **3. 2.17 Lack of information**

Lack of information is also considered to be a major barrier to women entrepreneurs as this tends to affect them and their businesses in a negative way. It is clear that it is extremely difficult to set up a business without correct and accurate information. Entrepreneurs lack information of business development and yet they need this information to establish and develop their businesses (Roomi *et al.*, 2009:279/280). SAWEN (2008:1/2) supports this by highlighting that female entrepreneurs do not have access to information regarding the development of small businesses. Most women entrepreneurs are not aware of organisations which provide assistance and advice to them, such as marketing assistance, tendering advice and advice on registration of small businesses.

### **3. 2.18 Bureaucratic issues**

Complying with and fulfilling bureaucratic issues with regards to starting a small business is another challenge that women entrepreneurs are often faced with. Dealing with the business registration processes of starting a business is very costly and time consuming for all the entrepreneurs, female entrepreneurs are not an exception. Tulus (2007:10) supports this by arguing that cumbersome and onerous business regulations and restrictions is a major obstacle that a lot of women are facing in entrepreneurship.

### **3. 2.19 Access to appropriate technology**

Access to appropriate technology is another hurdle that is being faced by female entrepreneurs. Tulus, (2007:10) supports this by arguing that lack of technology is indeed a major obstacle that affects a lot of entrepreneurs. Many small businesses fail to start up simply because they lack appropriate technology. It is through the use of up to date technology that small businesses may gain a competitive advantage in the market (Nieman *et al.*, 2007:33/4). In other words, world class technology acts as a source of competitive



advantage to all firms regardless of their size. Technology also needs to be constantly updated to suit the ever changing business environments.

### **3.3 Conclusion**

In summary, women entrepreneurs face a multiplicity of challenges or obstacles in the field of entrepreneurship and these barriers are gender specific. These barriers include among other issues access to capital, lack of support, socio cultural issues, gender discrimination and failure to balance work and family life. These hurdles are indeed hindering the growth of female entrepreneurship across the globe. From the analysis of the barriers of entry mentioned above, it is important to point out that these barriers to entry into female entrepreneurship must not be dealt with in isolation (independent) to the others. Various measures should be put in place to tackle these barriers from different angles. This is because, the barriers to entry into women entrepreneurship are intertwined and there is no barrier that is more significant than the other challenges. This appears to be a better approach that can be taken by governments in order to address the plight of female entrepreneurs. Although it is proper to deal with all challenges together, there are some challenges that if addressed, may help to reduce or lessen the impact of the other challenges. For example, addressing networking challenges among female entrepreneurs may help women to overcome other different and related challenges. Through proper networking, it appears as though, it will be easier for all entrepreneurs to overcome most of the barriers to entry into small businesses. Thus, if women network properly, the burden of access to finance, markets, and technology could be reduced. Access to other key resources (like, human resources and business premises) and other business support services such as training, business counselling may be fully utilized as a result of networking as entrepreneurs would be sharing information. Through proper networks, people discuss their challenges and solutions and fresh ideas are likely to come out from these discussions. When women entrepreneurship is built on a strong networking foundation, women would be able to offer each other personal and emotional support. It is for this reason that Thierry (2007:1368) argues that, developing networks and systems of information exchange may be more important than skills training. More importantly, the onus is on women to stand and fight these challenges if they are to succeed in the field of entrepreneurship. On socio cultural perceptions, although every person (men

and women) is important in fighting negative perceptions, again women should be instrumental and be at the forefront in this campaign. No matter how many policies can be introduced by the government to support them (women), if they fail to stand up and fight these obstacles, the policies will be meaningless as they will look good on paper and not in practice. At the end of the day, female entrepreneurs will continue to suffer and fail to achieve their desired goals if they take a wait and see approach.

The following chapter (chapter 4) will deal with government initiatives that are earmarked to reduce the gender specific barriers of entry into the small business sector. Chapter 4 will start by looking at the initiatives by the South African government to address the challenges that affect women entrepreneurs in this country. In addition to this, chapter 4 will also look at initiatives that the governments of Botswana, Ghana and the USA have put in place in order to encourage more women to start small businesses.

## **CHAPTER 4**

### **INITIATIVES TO STIMULATE WOMEN ENTREPRENEURSHIP IN SOUTH AFRICA AND SELECTED COUNTRIES**

The main objective of this chapter is to review literature on how the South Africa government is stimulating women entrepreneurship in this country during the period under review (1995 to 2009). In addition, this chapter reviews literature on how governments from other countries similar to South Africa are stimulating women entrepreneurship, in order to increase women's participation in the small business sector. Finally, similarities and differences in the approaches that were used by these governments are presented. It is also important to mention that the review of literature on how the selected countries is not confined to the time frame of the research study (i.e. 1995 to 2009).

#### **4.1 Introduction**

This chapter starts by discussing how the South African government has addressed the challenges that are being faced by women entrepreneurs in South Africa in the post-apartheid era. Apartheid is a political and social system that was designed to keep different races separately (Klemz, Boshoff and Mazibuko, 2006:592). Thus, the initiatives that were designed in order to stimulate women entrepreneurship are discussed as they form the basis of this study. As mentioned above, this chapter also focuses on how other countries similar to South Africa are dealing with the challenges that women entrepreneurs are experiencing in the small business sector. The countries that were selected for this study are Botswana, Ghana and the United States of America (USA). Certain considerations were taken into account for the selection of these countries. USA was selected because it is regarded as the benchmark for entrepreneurship development. Botswana and Ghana were selected based on the fact that they are comparative countries in Africa. It made reasonable sense to include three other countries in this study because globally, women encounter barriers to entry into the small business sector. However, the methods that have been used to encourage the growth of women entrepreneurship have differed immensely across countries.

Countries vary considerably in the way they regulate and promote entrepreneurship (Venesaar and Loomets, 2006:2) and the rate of economic change in policy varies from country to country (Verheul and Thurik, 2004:331). Welter (2004:221), concurs that policies on the stimulation of women entrepreneurship differs across countries and these policies reflect the individual country's traditions, perception and attitude towards women.

## **4.2 Stimulation of women entrepreneurs**

Worldwide, the stimulation of women entrepreneurship has been identified as a key component or ingredient for the success of the small business sector of any country. According to Bruton *et al.* (2008:1), entrepreneurship is the engine that will push the emerging economies forward and to a higher level. Therefore, the management and growth of such enterprises are extremely critical for both national and regional economic development (McElwee, 2000: Online). Sobel, Clark and Lee (2007:221) mention that economic development policies nowadays are shifting away from attracting large manufacturing corporations to promoting small businesses.

A more substantial contribution to the economy could be attained by raising the quality and standards of entrepreneurship as well as the numbers of people starting small businesses. Increasing the quality of entrepreneurship should be the main challenge for the future (Koster and Rai, 2008:134). Macht and Robinson (2009:187) suggest that a growing economy needs a thriving small business community. Policy makers and business organisations could be used as vehicles that could bring change in the stimulation and growth of entrepreneurship as a whole. According to Dubey (2007:197), it requires great vision and creative imagination on the part of the political leaders and administrative managers for any country to be able to effectively deliver programmes that are able to motivate people to take up entrepreneurship as a career. Okello-Obura *et al.* (2008:368) argue that governments need to focus on building a strong base of small firms because it is from this base (foundation) that small business growth would emerge. Focusing on improving the quality and quantity of female entrepreneurs is one way of achieving a thriving small business sector. This is crucial because

women constitute a critical and untapped resource in entrepreneurship. Hence, governments have to be instrumental in addressing the plight of women globally, by designing programmes that cater for the needs of women within the small business sector.

According to Stevenson and Lundstrom (2001:23), a good entrepreneurship policy should focus on the following areas:

- stimulation of entrepreneurship
- aimed at supporting entrepreneurship at all levels (pre start, start up and post start ups)
- encouraging or motivating people to take up entrepreneurship as a career as its primary objective.
- designed to address motivational issues, opportunities and the relevant skills needed in entrepreneurship.

Although, Stevenson and Lundstrom (2001:23) advocate for the inclusion of all the above mentioned points, it can be argued that the effectiveness of these policies are compromised. Thus, there is more to it than just formulating a good policy. The formulated policies must be aligned to the specific needs of the particular country. Thus, policies and systems should be tailor made in such a way that they meet the unique opportunities and development challenges for a particular country. Minniti, Arenius and Langowitz (2004:13) support this by pointing out that for countries to be effective in entrepreneurship policy formulation, the policies need to be tailored to the country's specific need. On top of this, the implementation process should be spearheaded by people who have the capacity to do so. Without this, there is bound to be a mismatch between policy formulation and the effectiveness of its implementation on the ground.

Apart from aligning the policy and systems to the unique challenges of a country, it is also important to note that the small business sector in any country, the world over, is highly diversified. Therefore, initiatives or programmes must be designed to meet the specific requirements and need of the particular segment in the small business sector. Minniti *et al.* (2004:13), report that a "one size fit all" approach does not necessarily work in

entrepreneurship, because the SME sector is highly diversified. Temtime *et al.* (2004:564) support this view by pointing out that there is no comprehensive programme that could solve all the problems that are encountered in small businesses. Thus, a certain programme may suit the requirements of male entrepreneurs and at the same time making the entrepreneurial journey of youth entrepreneurs difficult. Specifically when it comes to women, their needs should be addressed with a “female context” mindset because some of the challenges that they face are unique to them. Minniti *et al.* (2004:13), share the same views in that women tend to be much more sensitive than men to conditions in their local environment.

Another important issue worth mentioning is the fact that a proper investigation or feasibility study needs to be carried out before designing support programmes or assistance schemes for the small business sector. Thus, for any initiative to comprehensively address the proper challenges that are experienced in the small business sector, an exhaustive study of demographic characteristics of the different segments of the sector should be carried out (Temtime *et al.*, 2004:565). Each assistance scheme has different degrees of success in terms of solving a particular issue at hand (Temtime *et al.*, 2004:564), depending on suitability.

The stimulation of the small business sector ought to be carried out in its entirety meaning that the entire process must be evaluated from the initial stage right up to the final stage. Thus, when the programmes have been rolled out to the small business sector, the monitoring of these programmes should come into play. It is therefore, crucial that these programmes are continuously monitored in order to measure their effectiveness towards uplifting the small business sector. Temtime *et al.* (2004:564) argue that a conceptual framework or model for determining when these schemes are appropriate and effective is generally lacking.

### **4.3 Support for women entrepreneurs**

As women entrepreneurs encounter many challenges in the small business sector that are unique to them, one way of supporting them (women) is by formulating support policies that

help to eliminate the barriers of entry into entrepreneurship (Minniti *et al.*, 2004:13). The stimulation of women entrepreneurs could be achieved by addressing two critical factors, namely, the external and the internal factors. Thus, the external and the internal factors that stimulate women to take up entrepreneurship as a career should be addressed in conjunction with each other, so that they complement each other. External factors according to Smorfitt (2008:33), are those factors that the entrepreneur has no control over, whereas, internal factors are those factors that the entrepreneur has control over. Developing good entrepreneurial policies by the government is one way of addressing the external factors. Mentoring and network support at the local levels helps to boost the attitude of women because it enhances their leadership skill in the new businesses (Minniti *et al.*, 2004:13). Creating entrepreneurship awareness programmes is another useful method of stimulating women entrepreneurship (Minniti *et al.*, 2004:13). Women on the other hand, need to fulfil their part by attending to those aspects (factors) that they have control over. Such internal factors like self confidence, persistence, tenacity, hard work, patience and perseverance are some of the issues that women should deal with in order for them to be successful in the small business sector. In addition to this, women also need to search for information relating to small business development. The stimulation of women entrepreneurship requires a holistic approach for it to be successful. This success requires both the government and the women to fulfil their respective roles in the stimulation of women entrepreneurship.

Stimulating and promoting women entrepreneurship is beneficial to any nation. Some of the benefits among other things are job creation, reduction of poverty levels, increased standards of living and economic independence by women. O'Neill (2008:7) states that if a good mechanism is put in place to assist women entrepreneurs, more small businesses would be created which would result in more jobs. Apart from this, economic growth is bound to take place in the short term which would result in economic development in the long term (O'Neill, 2008:7). Minniti *et al.* (2004:13) mention that establishing a new business represents an effective and flexible way for women from all groups to emancipate themselves and provide for their families.

Apart from the above mentioned benefits, there are also hidden benefits that accrue from the stimulation of women entrepreneurship. These hidden benefits include the fact that women are more likely to pass over their legacy to their children through informal training and mentorship. This could be beneficial from the perspective that women tend to spend more time with children than men in general. As a result of this, children are more likely to learn from the female figure that they associate and use them as their role models, although this issue is highly debatable. Moreover, most families nowadays are female headed households. According to the Women's NGO Coalition in Botswana, the female-headed households constitute almost forty one percent of the people living in poverty in that country (Women's NGO Coalition Botswana, 2002: Online). Ntseane (2004:37) points out that the informal sector provides a means for survival for many female headed families in Southern Africa. Mchombu (2000:41) supports this by highlighting that most women in Africa start small businesses in order to support their families. Killanin (2003:4) is of the view that children of entrepreneurs often prefer starting their own business over working for someone else. These children are likely to benefit from family support when they start their businesses.

On a different angle, there seems to be no clear cut demarcation that separates the types of initiatives that are offered to both male and female entrepreneurs. And yet, research has acknowledged that although both sides experience similar barriers to entry into entrepreneurship, the situation for women is worsened by the fact that they (women) suffer from barriers to entry that are gender sensitive (Merrett and Gruidl, 2000:425; McKay, 2001: 153; Mattis, 2004:154; Singh and Belwal, 2008:124/125; Hossain *et al.*, 2009: 202). In Kenya, for example, seventy percent of the informal sector activities are carried out by women who possess little or no skills and training at all. These micro and small businesses are located in both the urban and the rural areas (Mchombu, 2000:40). Mchombu (2000:42) further indicate that the potential of women is never fully realized because of lack of access to resources, including information. This implies that all initiatives that are meant to assist female entrepreneurs should be tailor-made to suit their specific needs.

O'Neill and Viljoen (2001:38) on the other hand argue that, generally, there should be no difference on the type of initiatives that support male and female entrepreneurship. They



further argue that due to the fact that women have traditionally been sidelined in the small business sector, it is logical that more attention should be focussed on developing initiatives that assist women to overcome the challenges that they face when establishing small businesses (O'Neill and Viljoen, 2001:38). In addition to this, O'Neill (2008:7) points that females are better entrepreneurs than their male counterparts. Because of this, it makes sense to develop more female entrepreneurs by channelling more resources to assist them in the small business sector (O'Neill, 2008:7). The focus should be on designing initiatives that would help to promote and support women so that the entrepreneurial support and aid scale could be tilted in their favour. (O'Neill and Viljoen, 2001:38). This, in a way, would help to close the gap between female and male entrepreneurs in terms of addressing the challenges that they encounter in entrepreneurship.

Although most governments have acknowledged the importance of women entrepreneurship, there still seems to be a wide gap between policy formulation and what women are really experiencing on the ground. Singh and Belwal (2008:124/125) concur with this by highlighting that there is usually a gap between policy and its implementation and this indeed is affecting the majority of women entrepreneurs worldwide. Stevenson and Lundstrom (2001:20) argue that whatever policy and strategies that the governments may decide to adopt, the policy implications should nevertheless lower the barriers to entry and exit in small businesses. When this happens, it would therefore, imply that, there would be freedom of entry and exit in entrepreneurship. This, on its own, is one condition that is likely to benefit the small business sector. In other words, people would have the freedom and courage to try new ideas, which forms the basis of a strong entrepreneurial culture and hence, entrepreneurship would move to a higher level of achievement.

#### **4.4 Initiatives to stimulate women entrepreneurship in South Africa: 1995 - 2009**

The discussion on the initiatives that stimulate women entrepreneurship in South Africa begins by discussing the 1995 White Paper on the national strategy for the development and promotion of small business. The reason for this is that the 1995 White Paper on Small

business development laid the cornerstone for small business sector development in this country. The discussion only focuses on the key issues that relate specifically to the promotion of women entrepreneurs. Thereafter, initiatives that are earmarked to stimulate women entrepreneurship are discussed in order to evaluate whether the plight of women entrepreneurs is being addressed.

#### **4.4.1 White Paper on the National Strategy for the Development and Promotion of Small Businesses**

Prior to 1994, there was no strategic framework for the development of the small business sector in this country (Nieman *et al.*, 2007:165). As a result of this, the new government prioritised this issue and began the process of changing the mechanisms in which the SMME sector could operate by finding innovative ways of stimulating the growth and sustainability of this sector (Nieman *et al.*, 2007:165). In March 1995, the White Paper on the national strategy for the development and promotion of small business was established in South Africa. The publication of the 1995 White paper on small businesses represented the government's thinking and commitment towards the development of the small business sector in this country (White Paper, 1995:5). The White Paper offered an important vehicle to addressing the challenges of job creation, economic growth and equity redistribution in South Africa (O'Neill and Viljoen, 2001:37). The stimulation of SMMEs was also considered as part of an integrated strategy to take the South African economy to a higher level, which leads the country towards a more diversified economy, enhanced productivity and stimulated investment which enables entrepreneurship to flourish (White Paper, 1995:5).

On top of this, the White Paper represented the government's commitment to the development of a sector which was neglected during the apartheid era especially with regards to black owned businesses (White Paper, 1995:6). The primary objective of the national policy framework for small businesses was to create an enabling and conducive environment for small enterprises that could result in SMMEs accepting responsibility for the operation, growth and progress of their enterprises (White Paper, 1995:15). Part three of the White

Paper on small businesses outlined the following as the key objectives of the national small business strategy:

- Create an enabling environment for small enterprises
- Facilitate greater education of income, wealth and earning opportunities
- Address the legacy of apartheid-based disempowerment of black business
- **Support the advancement of women in all business sectors**
- Create long-term jobs
- Stimulate sector-focused economic growth
- Strengthen cohesion between small enterprises
- Level the playing fields between bigger and small businesses as well as the gap between rural and urban businesses
- Prepare small businesses to comply with the challenges of an internationally competitive economy (White Paper, 1995:16).

On 27 November 1996, the 1995 White Paper on small business became the National Small Business Act and this act paved the way for the Department of Trade and Industry to address the challenges and develop an enabling environment for SMMEs in South Africa (Nieman *et al.*, 2007:165). It is also important to point out that the National Act was later amended in 2004. Nieman *et al.*, (2007:166) assert that the Act emphasized the impediments faced by black entrepreneurs and individuals who were disadvantaged during the apartheid era. The key objectives according to Act No. 29 of 2004 are listed as follows:

- Design and implement support programmes;
- Promote a service delivery network that increases the contribution of small enterprises to the South African economy as well promoting economic growth, job creation and equity distribution;
- Strengthening capacity of:
  - (i) Service providers to support small enterprises; and
  - (ii) Small enterprises to compete successfully in both domestic and international markets (National Small Business Amendment Act, 2004:4).

One of the most significant key objectives of the White Paper was the Government's commitment towards the support of women entrepreneurs in this country. O'Neill and Viljoen (2001:38) concur with this by pointing out that the White Paper made special reference to the development of women entrepreneurs. The commitment by the government has been manifested through a number of initiatives that have been developed to assist women entrepreneurs in this country. O'Neill (2008:8) noted that the government has introduced a number of programmes to assist women entrepreneurs and there is a possibility that even more programmes will be initiated or introduced. Lack of coordination and monitoring of the programmes has been identified as a major challenge to the development of women entrepreneurs in this country. If the government shows commitment with the improvement of the coordination and monitoring process of the small business sector, there is a possibility that even more support is likely to emerge from a wider spectrum of the economy such as the private sector. This commitment for the support of women entrepreneurs forms the basis of this study, as this endeavour to establish whether the government managed to develop initiatives that could possibly stimulate women entrepreneurs in South Africa.

#### **4.4.2 The 1995 White Paper: Issues related to this study**

Some of the key issues mentioned in the 1995 White Paper on small business development that relates to this study are discussed below.

In Part 2.1.2 of this document, the South African government acknowledged the fact that the small business sector is extremely complex in nature and highly diversified. This implies that the support structure must also be diversified depending on the respective segments (White Paper, 1995: 9).

In Part 1.3, the government reiterates that the small enterprise sector should be helped to take its rightful place among all sectors of the economy. The small business sector should not be seen as a junior partner or rather inferior sector among the other sectors of the South African

economy (White Paper, 1995:7). This can also be related to women entrepreneurship in that this segment's contribution should be viewed as equally important. Forson (2006:419) argue that although women were targeted, there was no direct focus on them at all.

Part 3.5.1 of the 1995 White Paper on small business development acknowledged the fact that the small business sector suffers from serious financial and human resource constraints. This requires the government to design and develop policies and a support system that will suit the needs and requirements of each of the respective segments of the small business sector, such as black people, women, youth and the other subsections within these groups. This section further mentions that the government's publicly funded support programmes should be made available to every category of the small business sector that is encountering obstacles which hinders its growth potential. The government support packages should be differentiated and packaged to suit the particular needs and circumstances of these different sectors (White Paper, 1995:20). This, therefore, implies that the government support programmes for women entrepreneurs should be developed in such a way that women are equipped to overcome financial and human resource constraints and any other challenges that they encounter.

Part 3.5.2 mentions the importance of developing a unique and different approach towards the of support for women entrepreneurs including rural enterprises, school leavers, physically handicapped people and other special target groups (White Paper, 1995:21).

It is also important to note that in Part 6.3 of the White Paper, under the short term Action programme, women entrepreneurs were treated as an initial high priority target area for the 1995/96 fiscal year (White Paper, 1995:48).

From a brief view of the above mentioned sections of the 1995 White Paper, it is clear that the South African government has acknowledged two important aspects that relates to this particular study. These are:

- The small business sector is highly heterogeneous and
- Commitment to uplift women in the field of entrepreneurship.

With this in mind, it therefore, implies that, policies, programmes or initiatives should be designed in such a way that it assists a specific segment within the small business sector. Thus, the youth should have their own support programmes according to their specific needs. Women should be targeted according to their specific needs. But again, it is also crucial to note that even under the women category; sub segments still exist within the broader category of these women. These sub segments also have different expectations from the government, although, they may share some areas of commonalities (such as lack of collateral for loans). Some of these sub segments which exist within the larger group of women entrepreneurs are; rural women, urban women and educated women, women without any form of training to mention a few.

The South African government has managed to formulate different initiatives to cater for the various dimensions which exist in the small business sector. Whether these initiatives have made significant impact is still debatable. In terms of this research project, the impact is discussed in view of women entrepreneurs. These initiatives are then compared with initiatives from the selected countries in order to see whether there are areas for possible improvement. In fact, this is one of the issues that were highlighted in the 1995 White Paper on small business development. Section 2.5.3 of the White Paper points out that the South African government is committed to continue to learn from the best practices that are being developed from other countries, especially those policies that are successful and making a positive impact in the small business sector. The government could adapt some practices that may be suitable to fit into the South African strategy on small businesses.

#### **4.4.3 Government support for entrepreneurs in South Africa**

This section focuses only on the government initiatives that were designed to stimulate women entrepreneurship in South Africa after 1995. Although, the discussion will be

confined to the government initiatives, it is also crucial to point out that the private sector and the non governmental organisations are also contributing to this worthy cause of assisting women in the small business sector. Some of the private sector initiatives are; BHP company (BHP Billion preferential procurement policy), Mercedes-Benz South Africa, Eskom through the Eskom Small business development foundation, SAB Miller (SAB Miller Kick start program) and Old Mutual Masisizane programme. An example of Non-governmental organisations that are helping women entrepreneurs is USAID (Department of Trade and Industry, 2010: Online).

For simplicity, this section is presented in a table format. The first column highlights the gender specific barrier to entry and the next column provides the initiatives that were put in place by the South African government to counter these challenges. The column for initiatives is sub divided into two sections which are; support for the entire SMME sector and support for women entrepreneurs. It is also important to mention that the initiatives and programmes mentioned below are not exhaustive. The programmes mentioned in the “Support for women entrepreneurs” column indicate those schemes that made special reference to women entrepreneurs. Thus, this does not indicate that women cannot benefit from programmes that are mentioned in the “Support for the entire SMME sector” column. Table 4.1 displays some of the government support programmes for the small business sector in South Africa.

**Table 4.1: Government support programmes for the small business sector in South Africa**

<b>Barriers to entry</b>	<b>Support for the entire SMME sector</b>	<b>Support for women entrepreneurs</b>
Access to finance	Development Finance; Bridging Finance Scheme; Danida Business to Business Programme-Credit Guarantee Scheme; Emerging Entrepreneur Scheme-Credit Guarantee Scheme; Empowerment Scheme-Credit Guarantee Scheme; Entrepreneurial Mining and Beneficiation Scheme; Finance for Textile, Clothing, Leather and Footwear Industries; Finance for the expansion of the Manufacturing Sector; Import Finance; Individual Guarantee-Credit Guarantee Scheme; Institutional Guarantee-Credit Guarantee Scheme; KwaZulu Rehabilitation Trust Fund-Credit Guarantee Scheme; Micro Credit Outlets; Khula Funding – (Regional equity funds, Retail Financial Intermediaries, Sector Partnership Fund, Skills Support Programme; Small Medium Enterprise Development Programme; Standard Scheme-Credit Guarantee Scheme); Techno-Industry Development Finance; Technology Transfer Guarantee Fund-Credit Guarantee Scheme; Tourism Development Finance and KZN Fund.	Isivande Women's Fund. Khula Retail Financial Intermediaries (e.g. New business finance, Marang Financial Services).
Access to business information	SEDA (Technology Advisory Centre (TAC)	Annual business symposium for women (The “Your government telling you like it is” project)



**Table 4.1: Government support programmes for the small business sector in South Africa**

<b>Barriers to entry</b>	<b>Support for the entire SMME sector</b>	<b>Support for women entrepreneurs</b>
Access to technology	The National Technology Transfer Centre.	
Access to networks	SEDA	SAWEN (South African Women Entrepreneurs' Network), TWIB (Technology for Women in Business), SAWIC (South African Women in construction), WOESA (Women in oil and energy sector South Africa), and SAWIMA (South African Women in mining association).
Business Incubation	The National Fibre, Textile and Clothing Centre (NFTCC).SEDA Technology Programme (STP)	
Training	Sector Education and Training Authority (SETA)	
Business support	IDC (Matching Scheme), SEDA, GODISA Trust	

Adapted from: <http://www.dti.gov.za>

From table 4.1 above it appears as though, the government has initiated more programmes for the entire small business sector. The majority of these programmes are in the form of financial support. While, this could be in line with the requirement needs of this country's small business sector needs, a well balanced support structure is most likely to yield better positive results. This could also explain why there are so many small business failures in this country. According to Wright and Louw-Potgieter (2010:37), the failure of small businesses in South Africa ranges between sixty to eighty percent. Thus, financial support on its own is not enough because there are other types of support programmes that are required. This support could be in the form of entrepreneurial skills development, mentoring, and affordable premises to mention a few. In other words, a more holistic support system is necessary.

Women have few programmes that are designed specifically for them. Even though, it appears to be the case, it is also interesting to note that women, ultimately have more programmes at hand than their male counterparts. The reason being that women can still benefit from both programmes (programmes for the entire sector plus women specific programmes). Given this scenario, though debatable, women actually have an upper hand in terms of having more programmes at their disposal. This tends to be logical considering the fact that women need more assistance because they face more barriers than men in the small business sector. If the dissemination of information is properly managed, women can really benefit from these available programmes. One way of achieving this, is by creating more awareness programmes that inform women about the available programmes that they can benefit from. Maas and Herrington (2006:42), concur with this notion by pointing out that the government should prioritise the issue of communicating their policies to women entrepreneurs in their own country.

#### **4.5 Stimulation of women entrepreneurship in selected countries**

Under this section, only three countries were included as the objective of this study was to focus on South Africa and compare on an in-depth level with other countries that focused on the development of women entrepreneurship. A desk research (secondary data) was carried

out in order to find out how the other three countries are dealing with the issue of promoting women entrepreneurs. The information collected from the three countries would, however, be used as a basis or stepping stone for future research on this subject. Different countries other than those selected by the researcher could probably be used in future research. This could possibly add a different dimension or angle to the field of study. Eventually, the ultimate aim would be to continue to add knowledge to the already existing literature on women entrepreneurs, especially in the African context.

It also important to mention that the initiatives and programmes mentioned below are not exhaustive. The programmes mentioned in the “Support for women entrepreneurs” column indicate those schemes that made special mention to women entrepreneurs. Thus, this does not indicate that women cannot benefit from programmes that are mentioned in the “Support for the entire SMME sector” column.

#### **4.5.1 Selection of Countries**

As mentioned before, the other countries which formed part of this study are; Botswana, Ghana and United States of America. Two other African countries (Botswana and Ghana) were chosen for this study because women entrepreneurs in Africa tend to experience similar barriers to entry. For example, in their study, Agbényiga and Ahmedani (2008:425) found that the barriers to women entrepreneurship are reasonably similar in South Africa, Zimbabwe and Ghana, although, the researcher did not focus on Zimbabwe. Apart from this, the researcher was biased towards African countries because the continent has a lot of potential to achieve greater economic development in future. This assumption is made under the premise that these countries could focus on achieving and maintaining political and economic stability. Agbényiga and Ahmedani (2008:424) concur with this view by highlighting that entrepreneurship in Africa is expected to flourish in future, as more and more countries become politically and economically stable. To date, many African countries have made small business development a priority, which indicates positive hope for the future.

Botswana was selected because it is one of the fastest growing economies in Sub Saharan Africa. Since the country's independency in 1966, Botswana has had one of the fastest growth rates per capita in the world. Between 1967 and 2006, its growth rate averaged nine percent per annum. The growth rate slowed down during 2007 and 2008 to approximately three percent due to the global economic crisis, but it later rose to between four to five percent in 2009. Apart from the rising growth rate per capita, Botswana is considered to be an advocate and role model of democracy in Africa. Therefore, based on these two factors, it would be interesting to evaluate whether the growth rate and democracy has also empowered and stimulated women entrepreneurs in the process (United States Department of State, 2010: Online).

Ghana on the other hand, was the first African country to gain political independency. Ghana attained political independence in 1957. Since then, it has made some progress in achieving both political and economic stability. Based on these facts, it would be interesting to evaluate whether the political independence has also translated into economic independence and economic transformation for women in Ghana over the past fifty three years.

The United States of America was included in this study because of the way it dealt with women entrepreneurship, which indeed formed the inspiration for this research study, as mentioned in Chapter one. Thus, from the setting up of the task team by the then US president Jimmy Carter, to investigate the challenges faced by women entrepreneurs in that country and the positive way in which women entrepreneurship responded to the recommendations of the task team was really extraordinary. Therefore, this section intends to give a general indication of how other countries are lowering barriers to entry into female entrepreneurship. It is also important to highlight at this juncture that, the discussion on initiatives that stimulate women entrepreneurs in the selected countries is not confined to the time frame of the study, which is 1995 to 2009.

## **4.6 Initiatives to stimulate women entrepreneurship in Botswana**

There are 56 300 small and medium enterprises (SMEs) operating in Botswana, forty three percent of these SMEs are owned by Botswana citizens (Hinton, Mokobi and Sprokel, 2006:6). The SME sector is contributing approximately twenty percent of the national output and employs roughly fifty percent of the total employment in Botswana (Hinton *et al.*, 2006:6).

Since independence, the government of Botswana has been promoting the small business sector (Pansiri and Temtime, 2008:251). The government in liaison with other small business support providers have been trying to design and implement effective support schemes (Temtime *et al.*, 2004:564). Designing effective small business support programmes according to Temtime *et al.* (2004:565) requires proper consideration of the critical success factors that affects the performance of the small businesses.

### **4.6.1 Government support for entrepreneurs in Botswana**

The evaluation of the programmes that are available for women entrepreneurship takes a similar approach as used in the South African case study in section 4.4.3 above. Thus the barriers to entry are highlighted in a separate column, followed by the support programmes available to the entire small business sector. The last column highlights the programmes that are earmarked specifically for women entrepreneurs. Again, it is important to point out that the programmes mentioned below are not exhaustive, however, they provide an insight into the programmes that are available in Botswana.

**Table 4.2 Government support programmes for the small business sector in Botswana**

<b>Barriers to entry</b>	<b>Support for the entire small business sector</b>	<b>Support for women entrepreneurs</b>
Access to finance	Financial Assistance Policy (FAP), later replaced by the Citizen Entrepreneurial Development Agency (CEDA);  Micro credit scheme; Credit guarantee fund; Tswelelo (PTY) Limited provides loans; Young Farmer’s Fund (YFF).	Botswana Confederation of Commerce; Industry and Manpower is a private non-profit (BOCCIM); Women's Finance House Botswana; Botswana Government and UNDP National Gender Programme; Financial Assistance Policy; The small, medium and micro Enterprise Programme; Citizen Entrepreneurial Development Agency (CEDA).
Business support (e.g. mentorship, advice).	Botswana Confederation of Commerce, Industry and Manpower is a private non-profit (BOCCIM) ( <i>non profit organisation</i> ).  Tswelelo (PTY) Limited; Business Advisory Service; Local Enterprise Authority; The Small Business Council; Young Farmer’s Fund (YFF); Botswana Textile And Small Business Owners Association (BOTSBOA).	Botswana Confederation of Commerce; Industry and Manpower (BOCCIM); ( <i>non profit organisation</i> ).

**Table 4.2 Government support programmes for the small business sector in Botswana**

<b>Barriers to entry</b>	<b>Support for the entire small business sector</b>	<b>Support for women entrepreneurs</b>
Entrepreneurial skills development	Enterprise Botswana (tripartite initiative support by the Government of Botswana, The United Nations Development Programme and the private sector); The Department of Industrial Affairs (DIA); Local Enterprise Authority (LEA); Young Farmer's Fund (YFF).	

Adapted from: Temtime *et al.*, 2004:571-574; Hinton *et al.*, 2006:6.

From table 4.2, it is clear that there are more financial assistance schemes than other forms of entrepreneurial assistance. Pansiri and Temtime (2008:251/2) concur with this assertion by arguing that most business support programmes focused on financial assistance for start up enterprises. Thus, the financial assistance policy, the SMME policy, the Botswana Development Corporation, Thswelelo, the Micro-credit fund and the Credit Guarantee Scheme were all designed in such a way that they put more emphasis on the provision of financial assistance to the small business sector (Pansiri and Temtime, 2008:252).

In agriculture, many women in Botswana are still struggling to penetrate this sector. According to Motshabi (2010: Online), there are no tailor-made programmes and government schemes that are aimed at assisting women in the agricultural sector. Motshabi (2010: Online) further highlight that the only programme that was catering specifically for the needs of women in agriculture was the Livestock Management and Infrastructure Development Programme. Under this programme, women could access up to seventy percent of their agricultural input costs. Unfortunately, this programme was suspended and placed under investigation in November 2009.

#### **4.7 Initiatives to stimulate women entrepreneurship in Ghana**

Like many African countries, the Ghanaian government acknowledged the importance of the small business sector and its benefits to the economy. According to Kayanula and Quartey (2000:4), the small business sector in Ghana employs approximately sixteen percent of the total labour force and its contribution to the country's Gross Domestic Product (GDP) in 1998 amounted to six percent. The ILO (2004:2) reported that two thirds of the working population are active in the informal sector excluding the agricultural labour force. Dejene (2008: vii) states that it is impossible for the policy makers in Ghana not to pay attention to the small business sector as it accounts for the largest share of jobs in that country.



The formulation of favourable policies and programmes that are designed to promote the small business sector is crucial in Ghana due to the high levels of poverty which exists. Four in every ten Ghanaians are living in poverty, as most of them depend on agriculture for survival as food crop farmers (ILO, 2004:2). Approximately, three quarters of the Ghanaian population depends on the informal sector for at least half of their household income (IFAD, 2011: Online), while others are employed as casual labour in micro and small enterprises (ILO, 2004:2).

Women constitute a larger proportion of the informal sector and yet the majority of these women are based in the rural areas (IFAD, 2011: Online). Dejene (2008: vii) supports this by highlighting that between sixty to eighty percent of these women are located in the rural areas. Food crop farming is the domain of women in Ghana (Agboli, 2007:3; Dejene, 2008: v). Ninety percent of the agriculture work is done by these women, yet they lack the necessary resources such as land, loans and markets to improve productivity on food crop farming (Dejene, 2008: viii). Food crop farming accounts for almost seventy percent of the country's food crops, contributing about forty six percent to the total agricultural GDP (Dejene, 2008: viii).

Apart from food crop farming, most women in Ghana are involved in traditional low income enterprises which, generally, have very little growth potential like handicrafts and dress making (Dejene, 2008: vii). One characteristic feature of these women owned enterprises is that, they are often operated by one person (Dejene, 2008: viii). Although the government has acknowledged the important role that women are playing in Ghana, the support for women entrepreneurs in this country is generally weak, and yet women in Ghana are considered to be the financial pillars of their families (Agbényiga and Ahmedani, 2008:439). The support is poor because it lacks targeted operational goals which are critical for the support and growth of women owned businesses (Dejene, 2008: viii).

Dejene (2008:36) argues that in order for the Ghanaian government to respond appropriately to the needs of the women in the micro and small businesses, reliable statistics is required.

The data should include among other issues; the type of businesses operated by women, the scope of the businesses, the capital needs and the capacity of the institutions that interact and support them. The support for the informal sector should be able to strategically identify those businesses that have the potential to grow and assist them to move to a higher level. For example, assisting and transforming a small enterprise into medium enterprise. Hampel-Milagrosa (2009:7) suggested that the government could also develop policies that make formal employment possible and more attractive for women. The media such as the radio could be used to motivate and encourage women to achieve more in economic development (Hampel-Milagrosa, 2009:7). Government support in the form of entrepreneurial training programmes for women should be able to increase their financial and business management skills (Hampel-Milagrosa, 2009:7).

#### **4.7.1 Government support for entrepreneurs in Ghana**

Again the capacity of support institutions should be examined in order to determine their strengths and weaknesses (Dejene, 2008:36), since the female entrepreneur is often confronted with a plethora of obstacles that could have regulatory or traditional roots (Hampel-Milagrosa, 2009:23). Removing burdensome laws to small enterprises leads to the creation of a favourable business environment in which more small businesses would emerge (Hampel-Milagrosa, 2009:8). Table 4.3 below, presents some of the government programmes that are assisting women in lowering the barriers of entry into entrepreneurship in Ghana.

**Table 4.3 Government support for the small business sector in Ghana**

<b>Barriers to entry</b>	<b>Support for the entire SMME sector</b>	<b>Support for women entrepreneurs</b>
Access to finance	Mutual Credit Guarantee Scheme; Rural Finance Project (Provides long term credit to small scale farmers and artisans); Central Bank of Ghana credit guarantee scheme (Underwrite Commercial Banks loans to small scale enterprises); Programme of Action to Mitigate the Social Cost of Adjustment (PAMSCAD) - revolving fund of US\$ 2 million set aside to assist SMEs; The Office of Business Promotion, currently Ghana Enterprise Development Commission (GEDC).	Mutual Credit Guarantee Scheme; Rural Finance Project.
Access to entrepreneurship training and skills development	The Office of Business Promotion, currently Ghana Enterprise Development Commission (GEDC) – provides technical support to the small business sector; The National Board for Small Scale Industries (NBSSI) - Entrepreneurial Development Programme - to train and assist people with entrepreneurial abilities.	The Ghana Entrepreneurship Training Program (collaboration with the School of Social Work in the USA, the Department of Social Work in Ghana and ZONTA International clubs in the United States and Ghana).

**Table 4.3 Government support programmes for the small business sector in Ghana**

<b>Barriers to entry</b>	<b>Support for the entire SMME sector</b>	<b>Support for female entrepreneurs</b>
Business support	The National Board for Small Scale Industries (NBSSI), established by the Ministry of Industry, Science and Technology; The NBSSI established an Entrepreneurial Development Programme.	
Business networks		The National Women Entrepreneurs expo and Conference
Technology transfer	<p>The Ghana Appropriate Technology Industrial Service (GRATIS) - aims at upgrading small scale industrial concerns by transferring appropriate technology to small scale and informal industries at the grass root level.</p> <p>Intermediate Technology Transfer Units (ITTUs) – to develop the engineering abilities of small scale manufacturing and service industries engaged in vehicle repairs, other related trade and non-engineering industries.</p>	

Adapted from: Kayanula and Quartey, 2000:18-19; Agbényiga and Ahmedani, 2008:426.

From table 4.3, it is clear that the government of Ghana is committed to the development of the small business sector. Initiatives to assist women were also developed such as business networking. While the government of Ghana developed a handful of initiatives to help the small business sector, some of these programmes were not very successful. For example, the Central Bank of Ghana credit guarantee scheme which was aimed at underwriting loans made by the Commercial Banks to small scale enterprises. In place of this failed scheme, the Bank of Ghana obtained a credit of US\$ 28 million from the International Development Association (IDA) of the World Bank for the establishment of a Fund for Small and Medium Enterprises Development (FUSMED). From table 4.3, it is also crucial to note that although the government of Ghana is making progress in terms of supporting women entrepreneurs, there are relatively less initiatives that were designed to assist women.

#### **4.8 Initiatives to stimulate women entrepreneurship in the USA**

As mentioned in Chapter one, the US government made a commitment to assist women entrepreneurs in 1977. This was when the former US president Jimmy Carter set up a task team to investigate the problems that women in the USA face in the small business sector. The report compiled by the task team subsequently issued a recommendation that the US government should develop initiatives that should be geared towards the stimulation of female participation in the mainstream of business ownership in the USA. Since the development of these initiatives, the increase in the number of women participating in the small business sector in the US has been encouraging (Joos, 1987:59). Between 1987 and 1997, the number of women owned businesses rose by eighty nine percent, to approximately 8.1 million (U.S. Department of State, 2010: Online). According to the Centre for Women's Business Research, there were about 10.1 million women owned firms in 2008 and these firms were employing more than 13 million people and these businesses are generating \$1.9 trillion in sales (Center for Women's Business Research, 2010: Online).

#### **4.8.1 Government support for entrepreneurs in the USA**

Table 4.4 presents some of the government initiatives that were put in place to assist women entrepreneurs in the USA. The initiatives mentioned in table 4.4 are not exhaustive; however, they provide an overview of women support programmes in the USA. The table is divided into two columns namely: the barriers to entry into women entrepreneurship and government support programmes for women.

**Table 4.4 Government support for women entrepreneurs in USA**

<b>Barriers to entry</b>	<b>Government support for women</b>
Access to finance	Women's Business Centre (WBC) grants; California Women's Economic Venture Small Business Loan Fund (SBLF); The Delaware Access Program; Minority Women and Disabled Participation Loan Program (MWD/PLP); The Targeted Small Business (TSB) Assistance Program; Massachusetts BDC Capital Community Loans; Capital Access Contract Loan Program – Mississippi; Financing Programs - Urban Plus - New Jersey; Community Development Financial Institution Assistance Program (CDFI) New York State; Linked Deposit Loan (LiDL) Subsidy; Wisconsin women's business initiative corporation small business loans.
Business networks	Women's Business Ownership (OWBO); Missouri-Women-Owned Business Network.

**Table 4.4 Government support for women entrepreneurs in USA**

<b>Barriers to entry</b>	<b>Government support for women</b>
Business information	Small Business Development Centers (SBDC); SBA Office of Women's Business Ownership; WomenBiz.gov: Gateway to Federal Government Contracting.
Business support (counselling, advice)	Women's Business Centers (WBCs); Small Business Development Centers (SBDC); National Women's Business Council.
Entrepreneurial training	Women Business Centers; Illinois - Women and Minority Business Assistance; Massachusetts - State Office of Minority and Women Business Assistance; Washington - State Office of Minority and Women's Business Enterprises; Wisconsin - Women-Owned Business Resources.
Legislative barriers	Women business centres

Adapted from: The US Small Business Administration.



From table 4.4, it also appears as though the initiatives that were developed to cater for the need of women entrepreneurs are diverse. They were designed in such a way that most of the barriers to entry were reduced, hence the sharp increase in the number of women in the small business sector in the USA. The Federal and state government agencies do not provide grants to women who wish to start up small businesses. Instead, they provide small business loans. Grants are only provided by non-profit organisations, specifically for the women minority groups.

#### **4.9 Discussion of government initiatives in RSA, Botswana, Ghana and USA**

Based on the African countries that were chosen for this study, there has been a common pattern that is associated with women involved in the agricultural sector. Most of these women do not have legal rights to the land that they are working on. This affects them negatively when it comes to having collateral to cede for loans. For example in Botswana, Motshabi (2010: Online) points out that without land rights and other agricultural resources like cattle that could be used as collateral, women will continue to struggle to acquire finance for their businesses. Therefore, these African governments need to prioritise this issue if they are to effectively promote women entrepreneurs in the agricultural sector.

On the other hand, the US government has somehow managed to provide a comprehensive package to suit the needs of women entrepreneurs in their country. The comprehensive package caters for most of the needs of women in the small business sector, that is, from finance, information dissemination to skills development. One of the most significant achievements for the women entrepreneurs in the USA is the establishment of the women based research organisation which continuously carry out research on women specific needs within the small business sector. This is important as the business environment is ever changing as well as the women specific conditions in business. This organisation has also managed to accumulate the statistical data bases for women in the USA, an important area which is lacking among African countries.

The dissemination of business information is also poor in most African countries including South Africa, Botswana and Ghana. Women are not fully benefiting from the programmes and schemes earmarked for them because they are simply not aware of them. According to Forson (2006:21), effective policy and support initiatives require better and effective communication between policy makers and the targeted population. In developed countries, like the USA, it is different since the entire population has access to information because they are highly computerised nations.

In the African countries studied, most government initiatives are in the form of finance. In Botswana for example, apart from setting up initiatives that would assist entrepreneurs with finance, the government gave out grants to the small business sector (Financial Assistance Policy (FAP)). This planted a dependency syndrome, the mentality of accessing “free money” from the government. Most of the people abused this facility because they used the grants to purchase other goods that were not related to starting a small business. The government of Botswana disbanded the grants. It is important to highlight that, the US and the South Africa governments never considered this approach. In South Africa, the 1995 White Paper on small business development made no reference to small business grants, implying that the government was not prepared to give out grants to the small business sector. In the US, the Federal and state government agencies does not provide grants to women entrepreneurs (US Small Business Administration). However, grants may be available from non-profits and private organizations. This implies that the US government did not adopt this approach.

#### **4.10 The impact of government initiatives to stimulate female entrepreneurs in South Africa, Botswana, Ghana and USA.**

Comparing statistical data among these countries proved to be difficult because of the lack of women entrepreneurship data in Africa. Without statistical data it is difficult to evaluate the effects of these initiatives. Again, even if the data was available, it may appear to be unfair to compare statistical data from different countries because it is from completely different environments altogether. Besides, these countries’ commitments towards women

entrepreneurs were done at different periods. Therefore, the statistical data is reported without making comparisons.

It is also important to note that when policies are changed or new programmes are introduced, it usually takes time for them to make an impact on the economy and society as a whole. The success of these initiatives depends on a number of factors such as dissemination of information, the level and quality of education of the population and the socio-cultural perceptions of the nation, just to mention a few. Good policies and initiatives may be introduced by the government, but without an effective implementation and monitoring support programme; the desired results would not be achieved on the ground. O'Neill (2008:8) acknowledged that especially in South Africa, the government has introduced a number of programmes in order to assist women entrepreneurs, but the major challenge is the implementation and coordination of these programmes. For example the government may provide financial support to women in small businesses, but without the availability of a strong support structure in terms of the other pillars of support initiatives (such as development of entrepreneurial skills, business advice, mentoring and the availability of networks to mention a few), the impact of the initiative may be compromised. Another important aspect that hinders the effectiveness of government policies on the ground is negative societal perceptions towards women. The most difficult nature of this problem is that societal perceptions cannot be changed in the short term, as they change slowly from generation to generation.

Another crucial issue to highlight is that the success of the government initiatives are two sided. It requires a combined effort from both the government in terms of formulating and delivering these programmes to the target market. At the same time, women entrepreneurs should actively seek information for them to be able to fully utilize and benefit from these programmes. When programmes are introduced, service delivery could only be effective if the right people, with the right skills (capacity) are involved in the process. In most cases, programmes are not implemented effectively because of lack of capacity by the service delivery staffs, who fail to transform these programmes from paper in a manner in which people's lives are improved, particularly in Africa. On top of this, monitoring and evaluation

of these programmes ought to be done so as to measure the effectiveness of these initiatives. Improvements could be made in areas where the policies could be lacking. Besides, rigorous monitoring of these programmes could assist in evaluating whether the government programmes are benefiting the targeted groups.

With regards to whether the government initiatives to stimulate female entrepreneurship are reaching the intended beneficiaries, USAID (1982: i) argues that the government policies and programmes are still benefiting the relatively well-off portion of the population. The reason for this could be ascribed to the fact that the relatively well-off individuals have access to resources such as good quality education and information that in turn gives them an upper hand in accessing these government programmes.

The number of women entering the small business sector has increased tremendously. In USA, for example, there were 1.7 million entrepreneurs in 1977 (Joos, 1987:59). In 1997 the number increased to approximately 8.1 million women entrepreneurs (U.S. Department of State, 2010: Online). Regarding the number of firms owned, the overall sales and the number of employees in women owned businesses in USA, De Martino and Barbato (2003: 817) report that there are over 9.1 million women-owned businesses which employ 27.5 million people and generates more than \$3.6 trillion in sales. These figures did not include home-based micro businesses, implying that, these figures are understated, as they did not reflect the actual numbers on the ground. In 2008, there were about 10.1 million female owned firms in 2008 and these firms were employing more than 13 million people, generating \$1.9 trillion in sales (Center for Women's Business Research, 2010: Online).

In as much as more women have entered the small business sector in the USA, the increase in the figures cannot be solely attributed to the introduction of initiatives to stimulate female entrepreneurship. It takes more than good government programmes to nurture and grow women owned small businesses in any country. Importantly, the political, economic, legal and infrastructural development of the country should be conducive for small businesses to grow.

In the African context, women owned businesses are growing rapidly. Although, the statistical data on women owned businesses is poor and not reliable, still the impact of these initiatives cannot be underestimated. In South Africa, for example, the 1995 White Paper on small businesses report that there were 800 000 SMMEs in South Africa, employing about a quarter of 15 million people (roughly, 3.75 million people) (White Paper, 1995: 9). From this figure of 800 000 small businesses, it is difficult to determine the number of women owned businesses. In 2002, the number of small businesses increased to 2.3 million, producing a total turnover of R2 617 million (Stat SA, 2002:1). Out of this figure of 2.3 million small businesses, there were approximately 1.4 million (approximately 60%) women owned small businesses (Stats SA, 2002:29). This implies that in 2002, there were actually more women owned businesses as compared to men owned small businesses. Although, Morgan and Ojo, (2008:3) argue that women in South Africa have remained at the periphery of the national economy in that their businesses have remained in areas like craft, hawking, personal services and the retail sector, still their contribution cannot be underestimated.

In terms of distribution of women entrepreneurs in South Africa, the International Finance Corporation mentions that black women constitute a larger proportion of women in the small business sector (International Finance Corporation, 2006:2). There are approximately 1 009 114 black women and 119 671 white women entrepreneurs (International Finance Corporation, 2006:2). Although black women constitute a larger proposition of women entrepreneurs in South Africa, the type, size and quality of these businesses should be analysed to assess whether these businesses are growing and sustainable or they may be just survivalist businesses.

Although, the number of women in the small business sector is increasing in Botswana, Ghana and South Africa, the level of participation is not very encouraging. This could have been attributed to the fact that more women in Africa are involved in micro small businesses. Most of these businesses are not registered by virtue of their sizes.

The following table indicates the percentage of women participation in small business ownership in Botswana, Ghana and South Africa. The statistics for previous periods could not be obtained; therefore, it is difficult to establish the growth rate for women entrepreneurship in these countries.

**Table 4.5 Percentage of firms with female participation in ownership**

<b>Country</b>	<b>Percentage of ownership</b>
Botswana (2006)	40.9
Ghana (2007)	44.01
South Africa (2007)	22.6

Adapted from: <http://www.enterprisesurveys.org>

From table 4.5, the highest percentage of women small business ownership is in Ghana, followed by Botswana. South Africa has the least percentage of women participation in businesses.

Apart from the economic impact of the government initiatives to stimulate women entrepreneurship, there were also some positive social impacts that accrued to these countries as a result of the different government efforts to empower women. In Africa, for example, although the level of poverty is still very high, the fact that women have contributed to better standards of living cannot be underestimated. According to the poverty analysis of 2006, households led by women are less poor as compared to those led by men (Dejene, 2008: v). This implies that women are making a positive impact on their family livelihood. Family income has increased, women have managed to educate their children and that women have also managed to feed their families are facts that cannot be ignored. The fact that small businesses have helped women to become income earners also plays a critical role in assuring food security and better nutritional standards for their families. This is because when women's income increases, they (women) tend to have significant control on how family

resources are utilized, such that expenditure on food and children's need is increased (ILO, 2002: iii). According to Woldie and Adersua (2004:78), women produce more than 80 per cent of food for sub-Saharan Africa. In Ghana for example, the production of food in the country is in the hands of women. Agbényiga and Ahmedani (2008:424) sum up by highlighting that understanding economic conditions of women is very crucial because it helps in achieving family economic stability.

In the USA, negative stigmatisation which is associated with business failures has changed significantly for the better. Business failures are now seen as a learning experience and hence, this was partly achieved because more people (women included) were encouraged to start small businesses.

From the above discussion, it was difficult to determine whether there was indeed a positive impact of the government initiatives to stimulate women entrepreneurs by the different governments. Though, this might be the case, the social and economic benefits of the effects of entrepreneurship to any economy should not be underestimated.

#### **4.11 Conclusion**

This chapter discussed the different government initiatives to stimulate women entrepreneurs in South Africa, Botswana, Ghana and the United States of America. It was noted that the promotion of women entrepreneurship is a complex problem as it requires a holistic approach. The initiatives should be designed in such a way that they complement each other. If financial assistance is available, these women need to be educated on how to manage the finance (cash flows) in the business; they need to be provided with other business support services such as the provision of advice, mentoring and other entrepreneurial support services. Numerous policy domains have to be integrated into the main policy objective; otherwise, these initiatives would not yield favourable results. Some of the policy domains

that need to be taken into account are the favourable and stable macro economic policies such as education, health, infrastructure, just to mention a few.

This chapter has discussed how the government of South Africa, Botswana, Ghana and the USA are addressing the challenges that women entrepreneurs are facing in their respective countries. The following chapter will discuss the research methodology of the study.



## CHAPTER 5

### RESEARCH METHODOLOGY

The previous chapters provided the introduction and the literature review of the study. This chapter seeks to explain the research methodology used.

#### 5.1 Introduction

The aim of this study as discussed in chapter one is to review government initiatives to stimulate women entrepreneurship in South Africa during 1995 to 2009. Chapter two discussed the general barriers to entry into entrepreneurship faced by all entrepreneurs irrespective of gender. In chapter three, the gender specific challenges that women entrepreneurs encounter in the small business sector were discussed. Chapter four wrapped up the literature review section by looking at how the governments of South Africa, Botswana, Ghana and the United States of America are addressing the challenges faced by women entrepreneurs in the small business sector in their respective countries. The initiatives or programmes that these governments have put in place to assist women entrepreneurs were also presented. The latter section of chapter four discussed the overall impact of the different government initiatives that were designed in order to stimulate women entrepreneurship in these four countries (South Africa, Botswana, Ghana and the USA). Therefore, the literature review section provided the background information for the topic in line with the research objectives of the study. Chapter five seeks to explain the research methodology utilised for this study. Research methodology refers to the research methods, procedures and techniques that are used to address the research problem. Welman *et al.* (2007:2) state that research methodology refers to the explanation and the logic behind research methods and techniques.

Based on the literature review, chapter five seeks to evaluate how the South African government initiatives have influenced women entrepreneurship in this country, although special reference is made to Pietermaritzburg, KwaZulu Natal with regards to primary data

collection. In other words, this chapter seeks to establish the barriers to entry into women entrepreneurship as well as to evaluate whether the government initiatives or programmes have managed to reduce some of the challenges that women are facing in entrepreneurship. In addition to this, the chapter also seeks to ascertain whether women in this country are aware of the government programmes that are targeting them as well as the reasons that could be preventing them from benefiting fully from these government initiatives. Therefore, the research methodology was designed to address the research objectives outlined in section 1.4.

## **5.2 Nature of the research**

Since the aim of the study is to review government initiatives that are designed to stimulate women entrepreneurship in South Africa during 1995 to 2009, it can be established that the research is both exploratory and descriptive in nature. The research is mainly exploratory in nature as it seeks to obtain a good grasp and thorough understanding of the phenomenon that is being investigated. Cavana *et al.* (2001:456) define an exploratory study as a research study in which very little knowledge or information is available on the subject under investigation. Thus exploratory research is conducted into an issue or problem where there are few or no earlier studies to refer to. The focus under exploratory research is on gaining insights and familiarity for future investigation. Cooper and Schindler (2003:170) assert that the objective of exploratory studies is to develop hypotheses or questions for further research. Thus, according to Saunders *et al.* (1997:78), exploratory studies “are a valuable means of finding out what is happening, seeking new insights; asking questions and assessing a phenomenon in a new light”.

The research is also descriptive in nature because it seeks to describe the government initiatives that are assisting women to establish small businesses in South Africa. According to Welman *et al.* (2007:23), descriptive research has two goals which are; explaining a phenomenon and predicting behaviour. Thus, a descriptive study tries to provide answers to the following questions; who, what, where and how (Cooper and Schindler, 2003:10). Due to the fact that this research topic is both explorative and descriptive in nature, qualitative and

quantitative research approaches were incorporated in the data collection.

### **5.3 Measuring instruments**

Primary data was collected using two different types of questionnaires. The first questionnaire gathered information from women entrepreneurs and the second questionnaire was designed to gather expert views on the government programmes for women entrepreneurs. A questionnaire is regarded as a good method for collecting data in exploratory research because it allows the researcher to get a deep insight and thorough understanding of the gap between government initiatives and the intended beneficiaries (women entrepreneurs). A brief explanation of the measuring instrument (questionnaire) is given below.

#### **5.3.1 Questionnaires**

According to Cavana *et al.* (2001:461) a questionnaire is a research instrument that consists of a preformulated written set of questions to which the respondents record their answers. The questionnaire was designed based on the information that was gathered in the literature review section of this study. The questionnaire was designed in such a way that it will enable the researcher to collect both qualitative and quantitative data, so as to fully explore the subject being investigated. Generally, questionnaires have an advantage over other types of surveys such as telephone interviews, in that they are less costly. Questionnaires, however, have a weakness of standardized answers that may end up frustrating the respondents. The questionnaire design is discussed in detail in section 5.7.

### **5.4 Research design**

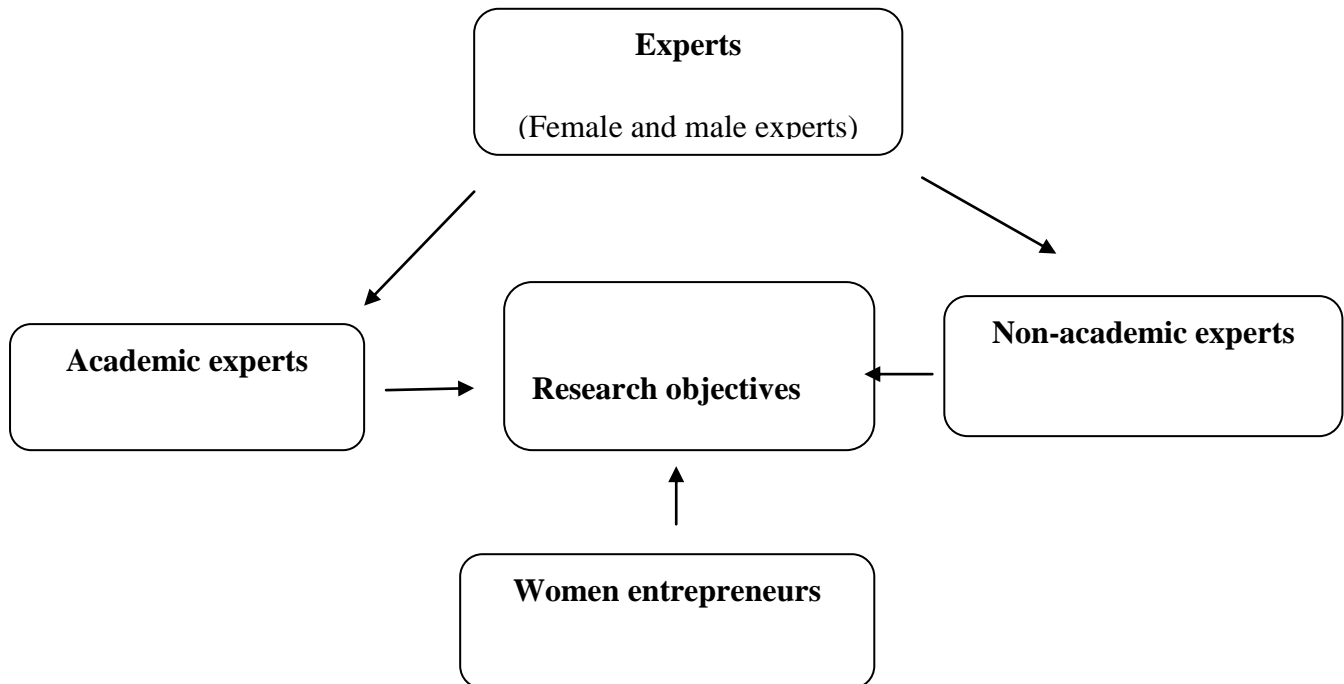
A research design is the plan that explains the method of collecting relevant data that is used to address the research objectives of the study. A research design can also be regarded as a

strategy or plan that outlines how information is gathered (Cooper and Schindler, 2003:170). It is a plan which explains how the research participants are selected and how the information is gathered from the participants or respondents (Welman *et al.*, 2007:52). Cooper and Schindler (2003:80) add on to this definition by pointing out that a research design is a blue print for fulfilling and answering the research objectives. A good research design can result in more accurate information which is consistent with the research objectives. As mentioned in 5.2 above, this research is an exploratory study and as such, both qualitative and quantitative research approaches were used to explore the subject under investigation. Cooper and Schindler (2003:151), support this by pointing out that the use of both qualitative and quantitative techniques is appropriate in an exploratory study, although this study relies more on qualitative techniques. A qualitative research approach is a descriptive form of research (Welman and Kruger, 2001:188) that deals with subjective data that is collected from the research participants and the data aims at establishing the socially constructed nature of reality (Welman *et al.* 2007:8). Quantitative research on the other hand, is designed to evaluate objective data which consist of numbers (Welman *et al.*, 2007:8). Therefore, the data that was collected through questionnaires incorporated both qualitative and quantitative data.

#### **5.4.1 Survey**

As mentioned above (section 5.3), a questionnaire based survey was used to gather information from two groups of people; who are the experts in the field of entrepreneurship and the women entrepreneurs. Figure 5.1 displays the diversity of people who contributed valuable information to the study.

**Figure 5.1: Research respondents for the study.**



(Source: Own compilation)

#### **5.4.2 Women entrepreneurs**

In order for the researcher to get a complete picture and well balanced research study, the views of women entrepreneurs were gathered through the use of a questionnaire based survey. The views of the women entrepreneurs enabled the researcher to hear their side of the story in terms of what they think about the available government initiatives that were designed to encourage more women to establish small businesses in this country. The technique used for selecting women entrepreneurs is discussed in section 5.5.3.1 below.

#### **5.4.3 Experts**

The views of the experts in entrepreneurship were collected through a questionnaire based survey. An expert is defined as a professional who has acquired knowledge and skills through

study and practice over the years to the extent that their opinion is helpful in fact finding and problem solving (Businessdictionary.com). Expert opinion was done in order to gather information from influential or well informed people in the field of entrepreneurship. The selection criteria for the experts will be discussed in section 5.5.3.2 below.

## **5.5 Sampling procedure**

Sampling procedure refers to the process that is used to select the research participants. Under the sampling procedure, the sampling frame, the sample size and the sampling technique are analysed as follows:

### **5.5.1 Sampling frame**

Cavana *et al.* (2001:252) describe a sampling frame as a “listing of all the elements in the population from which the sample is drawn”. A sampling frame is also referred to as the population frame or working population. In this research project, the target population was made up of all female entrepreneurs and all experts on entrepreneurship in South Africa. This sampling frame should be the ideal working population for this study. Using a sample of this magnitude proved to be very difficult as it requires a lot of resources in terms of both financial and the amount of time that is required for data collection. As a result of this, the researcher has decided to narrow down the sampling frame to Pietermaritzburg in KwaZulu Natal. In terms of the composition of the small business sector in this country, KwaZulu Natal province has the second highest number of entrepreneurs after the Gauteng region. Thus, according to the 2002 survey on small businesses, approximately 616 000 small business owners are based in Gauteng, while approximately 580 000 small business owners are based in KwaZulu Natal province (STATSA, 2002:22). Therefore, because of the composition of the small business sector in South Africa, the researcher is likely to get a fair input of the views of both the female entrepreneurs and experts in the field of entrepreneurship in the greater Pietermaritzburg area of KwaZulu Natal.

### 5.5.2 Sampling method

This study used the snowball approach as a sampling method. Snowball is a non probability sampling technique (Cooper and Schindler, 2003:203). The snowball sampling procedure was used in order to identify both the female entrepreneurs and the experts who participated in the research project. According to Saunders *et al.* (1997:147), the snowball approach is used when it is difficult to identify members of the desired population, who have specific characteristics and knowledge. As a result of this, there is a need to make contact with one or two cases in the target population from which referrals are made in order to identify further cases (Cavana *et al.*, 2001:263). Denscombe (2003:16) agrees that snowball sampling technique emerges through a process of referrals from one person to the next. The main advantage of this type of sampling technique is that only participants who possess the desired information participate in the research study. In this regard, the Pietermaritzburg Chamber of Commerce (PCC) was approached as the point of departure for the identification of both the female entrepreneurs and experts in the small business sector in the greater Pietermaritzburg area of KwaZulu Natal. The Pietermaritzburg Chamber of Commerce was approached in order to obtain a data base of established female entrepreneurs in Pietermaritzburg from which the snowball technique was used to identify the research participants. The rationale behind using the PCC as the starting point for the identification of the respondents is that, there is a high possibility that the female entrepreneurs who liaise or deal with this institution are most likely to be aware of the available government initiatives that assist entrepreneurs. Therefore, their responses are likely to add value to the project as they may be evaluating programmes that they are aware of.

Although the snowball approach is regarded a good sampling technique for gaining access to information from a population that is difficult to identify, it is not without flaws. The snowball approach has one major weakness in that one is likely to pick a sample of individuals who share the same views; hence the outcome of the survey is most likely to be biased. On top of this, the snowball approach is a non-probability sampling technique that is not based on a representative sample that was randomly drawn. As such, the results of this research project cannot be generalized to the entire population of the small business sector in this country. Nevertheless, the snowball approach provides an extremely useful method of

gaining access to information from the people who are very difficult to identify and hard to locate (Saunders *et al.*, 1997:147). In other words, the findings of this research may add a valuable input to the large body of literature that deals with policy formulation and decision making in the small business sector, specifically towards the stimulation of women entrepreneurship in South Africa.

### 5.5.3 Sample size

A sample size is defined by Cavana *et al.* (2001:462) as “the actual number of the subjects chosen as a sample to represent the population characteristics”. Due to practical considerations, as there is no comprehensive and reliable data base for women entrepreneurs in South Africa and also due to financial constraints, the researcher decided to use a sample of sixty people (i.e. ten (10) experts from the field of entrepreneurship and fifty (50) female entrepreneurs). The sample size of 60 participants is divided as follows:

<b>Research participants</b>	<b>Number of participants</b>
<u>Experts:</u>	
Female	5
Male	5
Female entrepreneurs	50
<b>Total</b>	<b>60</b>

The sample of sixty participants was selected based on the criteria discussed below.

#### 5.5.3.1 Women entrepreneurs

As mentioned above fifty females entrepreneurs were selected to participate in this research study. The women entrepreneurs were selected on the following criteria namely, they should



have:

- Operated and run a small business in any field for at least one year, and
- The year in which the business was established is not only confirmed to the time frame of the study (1995 – 2009). The reason for this is that government support initiatives are accessible to all entrepreneurs (business established pre or post democracy).

### **5.5.3.2 Experts**

Two groups of experts were considered for this study namely; the academics in entrepreneurship as well as, the non academic experts. The academic experts were drawn from institutions of higher learning such as universities and research based organisations. These individuals should be lecturers and researchers in entrepreneurship. The non academic experts are highly knowledgeable individuals who are directly involved in the development of the small business sector in this country. The non academics in this regard may include individuals who actively participate in the small business sector. The non-academic sample includes people who occupy senior management positions in organizations that are working towards the development and stimulation of entrepreneurship in South Africa. These people may include senior officials from the Pietermaritzburg Chamber of Commerce (PCC), senior managers of semi government support agencies such as SEDA, SAWEN, Ithala Development Finance Corporation and any other senior people from any organisation that is involved in the development of the small business sector in Pietermaritzburg. The sample of non academic experts should not necessarily come from the government related departments as this may compromise the quality of information that is collected (biased information).

The incorporation of both views from these two groups of experts would enable the researcher to have a balanced insight of the research topic under study. The academic experts would contribute a research based wealth of knowledge on the subject, while the non academics would bring in views that are based on the practical side of entrepreneurship.

Apart from this, the sample of the experts was designed in such a way that it would be made up of participants from both genders (i.e., fifty percent of the sample were supposed to have been made up of female experts and the other fifty percent from male experts). The inclusion of experts from both genders would enable the researcher to collect a balanced view of opinions from both a male and female perspective of the issue under study. Thus, collecting the views of experts enabled the researcher to gain an insight and understanding of the complex nature of the research topic. This has an advantage in that, the insight knowledge gained from the input of research participants is based on a well balanced foundation and diversified views from knowledgeable individuals.

Based on the dictionary definition of experts and in comparison with other empirical studies which incorporated expert surveys in their research (e.g. Nordhaus, 1994), the criteria for selecting experts is presented as follows:

- Academic Experts

1. The individual must be directly or indirectly involved in the development of the small business sector in this country,
2. Must possess a post graduate qualification (i.e. minimum of a Master's degree in the entrepreneurship), and
3. Must have been involved in small business development research.

- Non Academic experts

1. The individual must be directly involved in the small business sector,
2. Must have at least 5 years of industry related experience, and
3. Must possess a minimum of a first degree.

OR

1. The individual must be directly involved in the small business sector,
2. Must have at least 10 years of industry related experience, and
3. Must possess a minimum of a diploma.

#### **5.5.4 Sampling technique**

As mentioned before, the snow ball sampling technique was used to identify the research participants for this study. All the participants were required to complete questionnaires. The questionnaires were delivered by hand. Hand delivered questionnaires is sometimes referred to as personally administered questionnaires (Cavana *et al.*, 2001:245). This mode of hand delivery was chosen because of certain advantages that are associated with it. These benefits according to (Cavana *et al.*, 2001:245) are listed as follows:

- a) Hand delivered questionnaires have a very good chance or high probability of yielding the desired results,
- b) The researcher can establish a rapport and motivate the respondent to participate,
- c) Any doubts can be clarified, and
- d) Almost 100% response rate is assured.

Although, the questionnaires were hand delivered, this method is not without flaws. The disadvantages of hand delivering questionnaires to respondents according to Cavana *et al.* (2001:245) are as follows:

- a) Hand delivered questionnaires are time consuming as the researcher will have to deliver the questionnaires to different respondents who are most likely to be at different places, and
- b) There are also some financial implications that are associated with this mode of data collection as it requires the researcher to travel to different places to meet the respondents.

#### **5.6 Data collection**

The researcher used both primary and secondary data collection methods in order to address the research objectives. The primary data refers to the original data that the researcher collects for the purpose of his or her own study (Welman *et al.*, 2007:148). For primary data

collection, the researcher made use of a questionnaire based survey. Secondary data on the other hand, refers to data that has already been gathered by other researchers. This data is usually published in journal articles, books and other sources that might be useful to the researcher (Cavana *et al.*, 2001:462). Saunders *et al.* (2001:188) are of the opinion that secondary data includes both raw data and published summaries. For secondary data, the researcher used the internet, published journal articles, textbooks and government websites. A comprehensive literature survey was carried out in order to provide a detailed summary of government initiatives that are designed to encourage more women into entrepreneurship in South Africa, Botswana, Ghana and the USA. The purpose of the literature review according to Cavana *et al.* (2001:57) is to ensure that all the important variables from previous research that have an impact on the research problem are taken into consideration. Besides, a well-researched literature review forms the foundation on which research is built (Saunders *et al.*, 1997:3).

The use of two types of questionnaires from two different groups of peoples (i.e. women entrepreneurs plus experts in this field of entrepreneurship) and a comprehensive literature survey generates a synergistic effect which provides unique and important insight into the research topic (Cavana *et al.*, 2001:35). Cavana *et al.* (2001:137) argue that, when involved in qualitative research, the researcher should ensure that triangulation is built into the research design. A minimum of at least two or more methods of data collection methods should be used (Cavana *et al.*, 2001:137). Triangulation refers to the use of different data collection methods within one study in order to ensure confirmation of the results (Saunders *et al.*, 1997:80). If the findings of this study collaborate with the findings of the literature survey and other similar research studies, then this research study adds valuable input into the available database on women entrepreneurship. Ultimately, these different research approaches help to facilitate the evaluation of the current government initiatives that are earmarked upon to stimulate women entrepreneurship in South Africa.

## **5.7 Questionnaire Design**

Given that a questionnaire was used to collect primary data for this study, it was crucial that the questionnaire is designed in line with the objectives of the study. The success of this study depends on how the questionnaire is designed. If the questionnaire is poorly designed, so much that, it fails to extract relevant information, then it (questionnaire) becomes useless. Smorfitt (2008:100) concurs that when the questionnaire fails to extract correct information from the respondents, irrespective of the quality of the statistical analyses, the results would be of no significance at all. The results would not add valuable input to the existing body of knowledge. Therefore, the questionnaire needs to allow the respondent to provide accurate information that is required in order to address the research objectives of the study (Smorfitt, 2008: 101).

The questionnaires designed for this study were made up of closed and open ended questions. Closed or pre-coded questions offer the respondent a range of answers to choose from (Welman *et al.*, 2007:174). Open ended questions on the other hand allow the researcher to solicit additional information from the respondent. Open ended questions have an advantage in that the respondent's views are not influenced by the researcher (Welman *et al.*, 2007:174). Therefore open ended questions are considered to be suitable for uncovering hidden issues that are related to the topic under investigation. Ultimately, this enabled the researcher to obtain certain information from women entrepreneurs and the experts that are very crucial to the study. The details of the two questionnaires are discussed below. The questionnaire for women entrepreneurs is presented first, followed by the questionnaire for the experts.

### **5.7.1 Questionnaire design for women entrepreneurs**

The questionnaire for the women entrepreneurs was divided into eight sections as follows:

### **5.7.1.1 Section A: Respondent information**

In section A of the questionnaire, information about the race, marital status and age of the respondents was collected. This information is very crucial for this study because it allows the researcher to understand the nature of the sample. For example the respondent's age is important because Nieman *et al.* (2007:29) state that the highest number of entrepreneurs is found in the 35 to 54 age category. The race of the participants is also important because the 1995 White Paper on Small Business Development specifies that the Government is committed to assist women entrepreneurs, in particular, the former disadvantaged black females of our society. Therefore, the race group of the entrepreneur provides an indication as to which race group has most small business ownership. Apart from this, information which pertains to the respondent's level of education and previous work experience was also gathered because it appears as if entrepreneurs are most likely to establish small businesses in which they are familiar with in terms of their educational qualification and experience. Nieman *et al.* (2007:29) suggest that tertiary education combined with previous work experience increase the durability of entrepreneurial activity. The type of business that the participants are involved in, is also necessary because it is often argued that most female entrepreneurs open up small businesses in the service industries while men tend to dominate in sector of the industries like manufacturing, engineering, mining, to mention just a few.

### **5.7.1.2 Section B: Business Profile**

Under this section, the researcher wanted to find out when the small businesses were established, so that the information could be related to the time frame of the study (1994 – 2009). Establishing the type of business ownership is also important because according to Tulus (2007:10), most women find it very difficult and too cumbersome to register their small businesses. The type of businesses that women are involved in is also important because research has also shown that most female owned businesses are in the service industries, which is an extension of women household chores (Morgan and Ojo, 2008:3).

### **5.7.1.3 Section C: Motivation for business**

In this section, the researcher collected information on what motivates women to start up small businesses. Brindley (2005:153) argues that women are motivated to start up small businesses for reasons that are different from their male counter parts. There is also a large body of literature that argue that women entrepreneurs are motivated to establish small businesses due to their desire to balance work and child bearing roles, and entrepreneurship provides the answer for this problem (Cromie, 1987:259; Orhan and Scott, 2001:233; Al-Lamky, 2007:59). In Africa, women start businesses to supplement family income (Mchombu, 2000:41). Ntseane (2004:37) argues that starting a small business is generally a means for survival for women. Therefore gathering such information enables the researcher to investigate the motivation behind women small business ownership, and to compare the findings with the literature survey.

### **5.7.1.4 Section D: Barriers to entry into women entrepreneurship**

Under section D, the questions were designed to establish how women gather different resources for starting up small businesses. This information is important because research has shown that although all entrepreneurs encounter difficulties in assessing start up resources, women in particular are faced with challenges that are also related to their gender (Nieman *et al.*, 2008:35/36). A large body of the literature supports the view that start-up capital is a principal barrier to women entrepreneurship (Carter, 2000:326; Robertson *et al.*, 2003:301; De Bruin and Flint-Hartle, 2005:109; Abor and Biekpe, 2006:106; Nieman *et al.*, 2008:34). Furthermore, Abor and Biekpe (2006:106) and Carter (2000:326) argue that female-owned businesses encounter greater difficulties in accessing bank finance than male-owned firms. Women also experience difficulties with regards to finding or securing business premises and hiring labour because the society in general does not take women seriously (Mordi *et al.*, 2010:7). Even in situations whereby women manage to secure all the necessary factors of production, they (women) lack the necessary skills to combine these resources in a profitable and sustainable manner because of a lack of basic management training (Nieman *et al.*,

2008:36). Therefore, this information is crucial because it answers part of the research objective of this study.

In addition to lack of access to capital resources, it was established from the literature survey that women also experience barriers that are related to self-confidence, lack of information, lack of networks, lack of profitable markets and lack of managerial skills. All these factors are extremely important for the establishment of a viable business enterprise and yet the lack of these factors has a negative impact on women entrepreneurship. Some authors have argued that the society in which women live does not fully support or take women seriously in small businesses, such that even their male counterparts side lines them in business dealings, let alone networking with them (McKay, 2001:153; Mboko and Smith-Hunter, 2009:160; Afza and Rashid, 2009: 248). Research has also shown that gender differences play a significant role in the type of networks women are involved in (Carter, 2000:326; Neergaard *et al.*, 2005:339; Mordi *et al.*, 2010:7). Access to information and assistance is another barrier that works against female entrepreneurship (Bruni *et al.*, 2004:262; Moore, 2004:80; SAWEN, 2008:1/2; Roomi *et al.*, 2009:279/280). Apart from this, access to technology is also a major barrier to women entrepreneurship (Nieman *et al.*, 2008:33/4).

#### **5.7.1.5 Section E: Government Support programmes**

In section E of the questionnaire, the researcher wanted to gather information on whether women entrepreneurs are accessing government support programmes. According to the 1995 White Paper on Small Business Development, the Government made a commitment to assist all entrepreneurs and special emphasis was made to support women entrepreneurs. Minniti *et al.* (2004:13) report that an effective entrepreneurship policy formulation should be designed in such a way that the policies are tailor-made to suit the specific needs of the country. Minniti *et al.* (2004:13) further report that a “one size fits all” approach does not necessarily work in entrepreneurship, because the SME sector is highly diversified. Therefore, in this



section the researcher would be able to evaluate the effectiveness of government support towards women entrepreneurship.

#### **5.7.1.6 Section F: Impact of government initiatives**

This section is intended to solicit information from women entrepreneurs regarding the impact of government initiatives. Questions that are included in this section were meant to assess the benefits of receiving government support. These benefits could be linked to business performance and personal life advancement or development.

#### **5.7.1.7 Section G: Recommendations**

While research has indicated that women face gender specific barriers in the small business sector, it is also important to gather the views and recommendations on how these women are coping with such challenges. This information is important as it will assist other women entrepreneurs to overcome some of the challenges that are encountered in opening up new ventures. Apart from this, this section would assist in establishing the real expectations of women entrepreneurs from the government regarding government support. These recommendations from the women entrepreneurs provide an insight into different approaches that the government could use in order to uplift the plight of women entrepreneurs in this country.

#### **5.7.1.8 Section H: Post start up challenges**

In this section, it is crucial to gather information on some of the post start up challenges that women encounter in entrepreneurship. This information is important because the stimulation of female entrepreneurship requires a holistic approach. In other words, government support should not only focus on the start-up phases of small business development. The support should focus on all the stages (prestart- up phase as well as the post start-up phase) of small

business development. This section would also assist the Government and other relevant authorities to establish the type of support that entrepreneurs in particular females, need in order to continue to survive in the small business world. This approach would help the small business sector to become sustainable and flourish in the South African economy. A copy of the questionnaire is attached in Appendix B.

## **5.7.2 Questionnaire design for the experts**

The questionnaire design for the experts is divided into five sections as follows:

### **5.7.2.1 Section A: Background information**

The questions for this section were designed based on the qualifying criteria for the experts. The qualification criteria have been discussed in section 5.5.3.2 of this chapter.

### **5.7.2.2 Section B: Government support programmes**

This section was included in the questionnaire so as to gather the views of the experts regarding government support. This section is meant to evaluate whether the contribution of women entrepreneurs is taken seriously (valued) in this country. Forson (2006:419) even argues that although women were targeted, there was no direct focus on them at all. This implies that programmes are available within the small business sector, but these programmes are not addressing the actual needs of women entrepreneurs. This section contains questions that are similar to those included in the questionnaire for women entrepreneurs on government support. This was done in order to enable the researcher to compare the views of the experts against the views of the women entrepreneurs. Eventually, these different views were compared to the findings of the literature survey.

### **5.7.2.3 Section C: Barriers to entry into women entrepreneurship**

The aim of this section was to gather views of the experts on the barriers to women entrepreneurship. This section contained similar questions which were included under the same sub heading in the questionnaire for women entrepreneurs. The main reason for this was for the researcher to have diversified views on the obstacles that women encounter in the small business sector.

### **5.7.2.4 Section D: Impact of government initiatives**

This section contained questions that are similar to the questions that were under the same heading in the women entrepreneurs' questionnaire survey. The idea was to compare the views from the women entrepreneurs with expert opinion in this regard. Ultimately, the input of the experts is likely to reinforce and provide credibility for the views of women entrepreneurs.

### **5.7.2.5 Section E: Recommendations**

Again, expert opinion was required in order to add valuable input into the research project as this would reduce biased recommendations for the study. Besides, experts possess a high level of knowledge in the field, therefore, the quality and standard of their recommendations would definitely add valuable input to this study. A copy of the experts' questionnaire is attached in Appendix C.

## **5.8 Data analysis**

Data analysis is the “exploring of the raw data collected in an attempt to identify the underlying themes, insights and relationships within the phenomenon being researched” (Cavana *et al.*, 2001:169). As mentioned in section 5.5, this study collected both qualitative

and quantitative data from the respondents using the questionnaire as a measuring instrument. The questionnaires were checked for accuracy and completeness and were analysed and coded by the researcher. The information from the questionnaires were captured and processed using the statistical package known as Statistical Package for the Social Science (SPSS) version 18.0. According to Flemming and Nellis (2000:439/440), SPSS contains a graphic component that creates graphs and charts which are useful for illustrating the results of the data. Since the quantitative data that was collected was mainly descriptive in nature, basic statistical tools were used to describe and interpret the numerical data. The bulk of the raw data that was collected from the questionnaire was analysed using a qualitative approach. Qualitative data analysis is basically a non-mathematical procedure that analyses the meaning of people's words and behaviour (Cavana *et al.*, 2001:169). Saunders *et al.* (1997:340) also highlight that qualitative data analysis is problematic in the sense that there is no standardized approach that can be used for data analysis as there is a plethora of qualitative research approaches that are used. As a result of this, different strategies and methods can be used to analyse the research data. This study used content analysis for analysing qualitative data. Content analysis is explained in detail below.

### **5.8.1 Content Analysis**

Denscombe (2003:221) defines content analysis as a method that helps the researcher to analyse the contents of documents and this method can also be used with any information text such as writing, sound or pictures. Henning, Van Rensburg and Smit (2004:102) point out that content analysis is easy to interpret as it works on one meaning which is the content of the data texts. Content analysis is useful in analyzing the results of open ended questions as well as the other contents of the questionnaire. This process involves the analysis or examination of the contents of the sources in a systematic manner in order to record the relative incidences (frequencies) of themes and how they are portrayed (Welman and Kruger, 2001:195). Denscombe (2003:221) is of the opinion that content analysis has the potential to disclose many hidden aspects of what is being communicated. Although content analysis is often used in qualitative data analysis, it has a limitation in that it fails sometimes to interpret delicate and intricate texts (Denscombe, 2003:221). Due to this limitation, the researcher decided to complement content analysis with other methods of analysing data. In order for

the researcher to identify the best methods which are suitable for this type of data, Kolmogorv Smirnov Test was done. Kolmogorv Smirnov Test was used to determine whether the collected data comes from a normal distribution or not. In this study, it was established that the data did not come from a normal distribution. The implication of this was, therefore, that non parametric statistical tools could be used to complement content analysis. Due to the nature of the data, Kruskal Wallis and Chi square tests were utilized and these two tests are explained below as follows:

### **5.8.2 Kruskal Wallis test**

The Kruskal-Wallis test is a non parametric test that is used to compare three or more groups of sample data (Martins, Loubser and de van Wyk, 2002:340). According to Cooper and Schindler (2003:554), the Kruskal-Wallis test is one-way analysis of variance by ranks. The test is used to determine if there are “significant” differences among the population medians (Birdthistle, 2006:191). In this study, the Kruskal Wallis test was used to determine whether there is a statistically significant difference in terms of how the barriers to entry affect women entrepreneurs among different races groups. It was also used to determine whether there is a statistically significant difference between the level of education of the entrepreneur and how the barriers to entry affect them (women). Previous studies that have used the Kruskal Wallis test to test similar characteristics are Birdthistle (2006) and Smorffitt (2008).

### **5.8.3 Chi square Test**

According to Cooper and Schindler (2003:536), the Chi square test is the square of deviation of a score from its population mean divided by the population variance. The Chi square test is used to measure whether the differences between observed distribution of data among categories, and the expected distribution of data based on the null hypothesis are statistically significant (Cooper and Schindler 2003:536). In other words, the Chi Square test is used to determine whether the difference between statistically expected and actual scores, is caused by chance or an accident or not (Welman *et al.*, 2007:229). It is also referred to as a

“goodness of fit test”, meaning that it is used to decide whether a test of observed frequencies is a good fit for a particular pattern of expected frequencies (Shui, Hair, Bush and Ortinau, 2009:560). In this study, the Chi Square was used to test whether the results of the data obtained from the women entrepreneurs on their views on awareness of government support was not caused by chance.

In addition, the researcher incorporated triangulation for data analysis so as to reinforce the empirical research findings. Thus, the researcher compared the empirical findings of this study to the findings of the literature survey and the views of the experts.

## **5.9 Validity and Reliability**

According to Cooper and Schindler (2003:231), there are three main criteria for evaluating a measuring tool. These are validity, reliability and practicality (Cooper and Schindler, 2003:231). In this case a measuring tool is a questionnaire. These three principles are discussed below with regards to how they relate to the measuring instrument.

### **5.9.1 Validity**

Validity refers to the degree to which the instrument measures what it is intended or supposed to measure in order for the researcher to be able to address the objectives of the study (Cooper and Schindler, 2003:243). Validity is also related to the extent to which the conclusions drawn from the research are true (Hair, Bush and Ortinau, 2006:276). The most common forms of validity are content validity, criterion-related validity and construct validity. Content validity and construct validity are discussed below.

### **5.9.1.1 Content validity**

Content validity measures the extent to which the measuring tool adequately covers the objectives of the study (Cooper and Schindler, 2003:232/233). To ensure content validity, the researcher reviewed the relevant literature on the government initiatives that are intended to stimulate women entrepreneurship in South Africa together with the literature on initiatives from three other countries (Botswana, Ghana and USA). Apart from this, the literature review of this study, provided background information on the barriers to entrepreneurship, as government initiatives are developed in order to assist women to overcome some of the barriers that they encounter in the small business sector. In addition, the findings of this study were compared to similar research studies.

### **5.9.1.2 Construct validity**

An instrument has construct validity if it measures the constructs that it is intended to measure. In other words, the instrument should measure the variable which it is intended to measure (Welman *et al*, 2007:142). In this regard, the questionnaire was subjected to pre-testing in order to evaluate whether it encompassed most of the variables that were used to address the research objectives.

### **5.9.2 Reliability**

Reliability is related to the accuracy and the precision of the measurement procedure (Cooper and Schindler, 2003:231). Thus, a measure is reliable if it provides consistent results (Cooper and Schindler, 2003:244). It is also associated with the credibility of the research findings. In this study, three methods were used to ensure reliability of the findings. Primary data was collected from two different groups of respondents (the women entrepreneurs and the experts in the field of entrepreneurs) in order to reduce the possibility of biased results. Multiple indicators were included in the questionnaires. Thus, the questionnaires were made up of both open ended and closed ended questions. In this case, some questions were asked in two different ways using both the closed ended and the open ended format. This was done in

order to check consistencies in the responses that were given by the participants. Since the questionnaires were hand delivered by the researcher, it means that the researcher was able to clarify some of the issues that were be raised by the respondents. Cronbach's alpha was also used to test reliability.

### **5.9.3 Pre-testing of the Questionnaire**

In order to ensure validity and clarity, the two questionnaires were subjected to review by pre-testing them on a very small sample of the targeted population. The pre-testing sample was similar to the characteristics of the targeted population. According to Hair, Money, Samouel and Page (2007:279), the sample for pre-testing may include four or five individuals but not more than thirty individuals. The questionnaires were tested on a sample of four female entrepreneurs and two experts. Only two experts were used for testing the expert questionnaire because the targeted sample size was ten individuals. Pre-testing of the questionnaire was meant to identify and correct deficiencies that exist in the measuring instrument. Feedback from this process was used to adjust the questionnaire so that they were in line with the purpose of the study.

### **5.10 Ethical Considerations**

Ethical behaviour is of paramount importance in research (Welman *et al.*, 2007:181). It enables individuals to carry out their research in a dignified manner with honesty and respect for human rights. These issues were treated with high priority. (Welman *et al.*, 2007:181). Since the issue of ethical requirements is important in any research, the researcher notified the research participants about the purpose of the study and that their participation in the survey was solely on a voluntary basis. The participants were required to complete a consent form before completing the questionnaire as evidence that they were willing to take part in this research project. A copy of the informed consent form is attached in Appendix A. The participants were also assured that their anonymity and confidentiality was going to be maintained throughout the study. The questionnaire was designed in such a way that the contents (questions) were not going to emotionally harm the participants. Ethical Clearance



certificate was sought from the University of KwaZulu Natal. A copy of the certificate is attached in Appendix D.

## **5.11 Conclusion**

This research project sought to investigate government initiatives which are meant to stimulate women entrepreneurs in South Africa. Due to the fact that the research was exploratory in nature, both qualitative and quantitative research approaches were utilised with regards to the research methodology. Primary data was collected through a questionnaire based survey which helped the researcher to obtain the views of both the experts and the female entrepreneurs regarding the current government initiatives that are stimulating women entrepreneurship in South Africa. Secondary data was collected from journal articles, textbooks and government websites on small business development. Primary data was captured using SPSS, version 18. Basic statistical tools such as frequency tables, bar charts and pie charts were used to interpret quantitative data. Qualitative data was analysed using content analysis. A non-random sampling technique (i.e. snow ball sampling) was used for the identification of the research participants. However, this approach has a disadvantage in that the results of the research cannot be generalized to the population at large. However, the results would provide a good foundation that would hopefully be used by policy makers in their evaluation of the initiatives that would fully stimulate the development of female entrepreneurs in South Africa.

Chapter 5 dealt with the research methodology that was used for the study. The following chapter (chapter 6) will present and discuss the empirical research findings.

## **CHAPTER 6**

### **RESEARCH RESULTS AND DISCUSSION**

#### **6.1 Introduction**

Having established the methodological framework of the study in the preceding chapter, this chapter seeks to present and discuss the empirical findings of the data collected from two types of questionnaire based surveys, namely women entrepreneurs and experts in the field of entrepreneurship. The analysis of the data was done in line with the overall objective of the study which is to review the South African government's initiatives to stimulate women entrepreneurship during 1995 to 2009. The discussion makes specific reference to the issues discussed in the literature review chapters. The results are presented and discussed according to the sequence of the research objectives of the study as outlined in Section 1.4.

#### **6.2 Presentation of findings**

The presentation of the findings is divided into two sections. The first section discusses the background information of the two samples (female entrepreneurs and expert). The second section presents and discusses the empirical findings of the research according to the sequence of the research objectives of the study. Descriptive statistics and content analysis were employed for data analysis. Non parametric tests known as Kruskal Wallis Test and Chi Square test were also used to complement content analysis. Due to the low response rate from the expert survey, the researcher decided to incorporate expert opinion for discussion purposes only and content analysis was utilized for interpreting the expert results.

#### **6.3 Response rate**

The sample that was required for this study was fifty women entrepreneurs and ten experts. In order to achieve this target sample, a total of one hundred questionnaires were distributed to

women small business owners and twenty questionnaires were distributed to the experts. The response rate from women small business owners was fifty percent (50%) and thirty percent (30%) from the experts. The low response rate could be attributed to the period in which the survey was done. The survey was conducted between October and December in 2009. This period proved to be difficult to collect data because it is usually regarded as the busiest period of most businesses because of the festive season. Most retail outlets are busy ordering stocks during this period in preparation for the festive season. Therefore, the analysis was made up of fifty (50) women questionnaires and six (6) expert questionnaires.

#### **6.4 Background information of the samples**

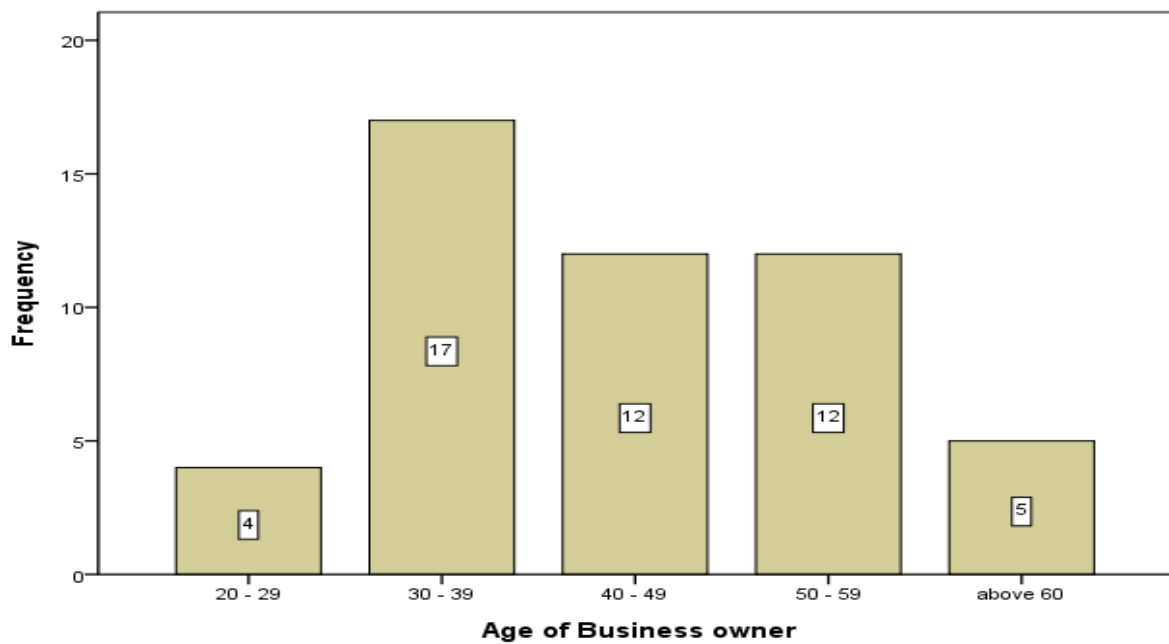
Under background information of the samples, the important characteristics of women entrepreneurs together with the salient features of their small businesses are discussed at the beginning, followed by the personal profiles of the experts.

##### **6.4.1 Women entrepreneurs**

Section A of the questionnaire was designed with the intention of gathering background information about the respondents. This section included questions relating to the respondent's age, race, marital status, level of education and previous work experience. The empirical findings are outlined below as follows:

##### **Age of respondents**

The finding of this question is presented in a bar chart format in Figure 6. 1.

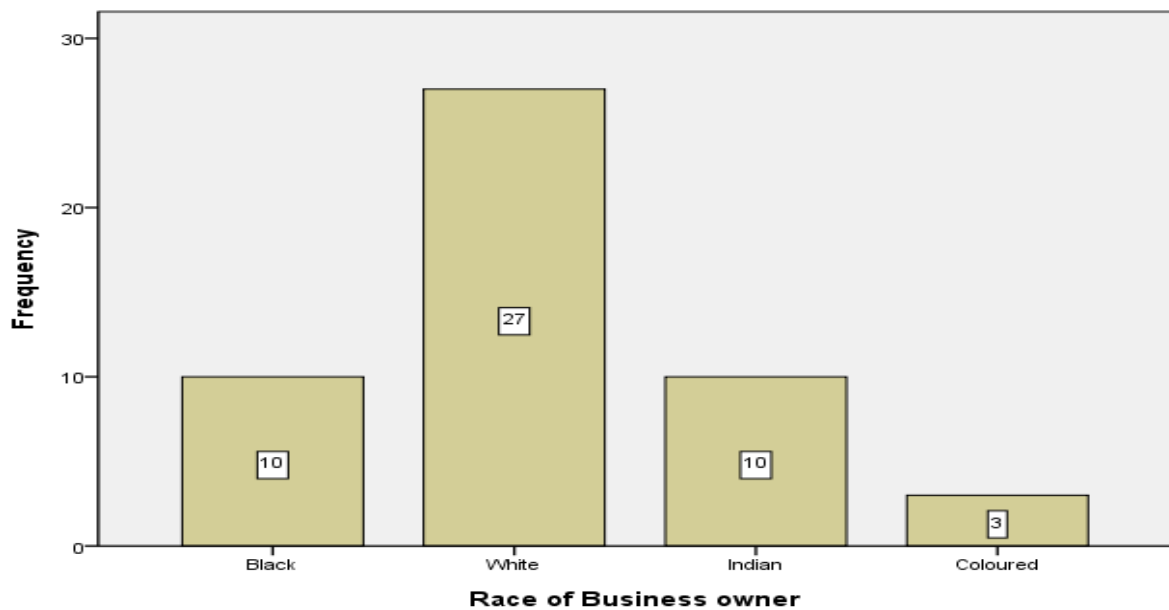


**Figure 6.1: Age of the business owner**

The majority of the women entrepreneurs (34%) were between the ages of 30 – 39 years. This is followed by two age groups namely 40 – 49 and 50 – 59 with the same number of participants which represented 24% of the total sample. Ten percent of the sample was above the age of 60 years. The age group with the least number of women entrepreneurs was between 20 – 29 years which represented 8%. These findings are in agreement with Nieman and Nieuwenhuizen (2009:31) who argue that the highest number of entrepreneurs is found in the 35 – 54 age groups.

### **Race of respondents**

Figure 6.2 presents the findings of question two regarding the race of the respondent.

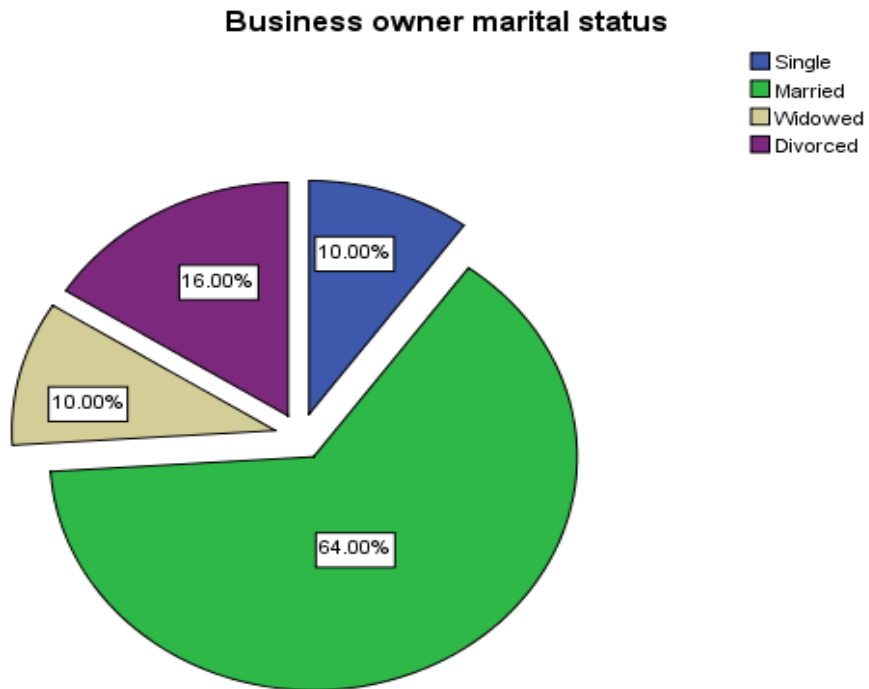


**Figure 6.2: Race of business owner**

Figure 6.2 indicates that the majority of the women entrepreneurs were whites who constituted 54% of the sample. This is followed by blacks and Indians who both represented 20% of the sample. The race group with the least number of entrepreneurs was represented by the coloured women who constituted 6% of the sample. The fact that more than 50% of the sampled women entrepreneurs were whites may support why the 1995 White Paper (Part 3) on Small Businesses identifies and gives preference towards empowering the former disadvantaged women in South Africa especially black women as it was difficult to identify enough previously disadvantaged women for this survey. Mathur-Helm, (2010:163) supports this by pointing out that black women are the most disadvantaged group in South Africa. Because of this, it is critical that these women are empowered in many areas of life which includes supporting them in the small business sector. Whether the former disadvantaged women are aware of and benefiting from the government support as mentioned in the 1995 White Paper on Small business development, is discussed under research objectives three and five.

### **Marital status of business owner**

The results of question three are displayed in figure 6.3 below.

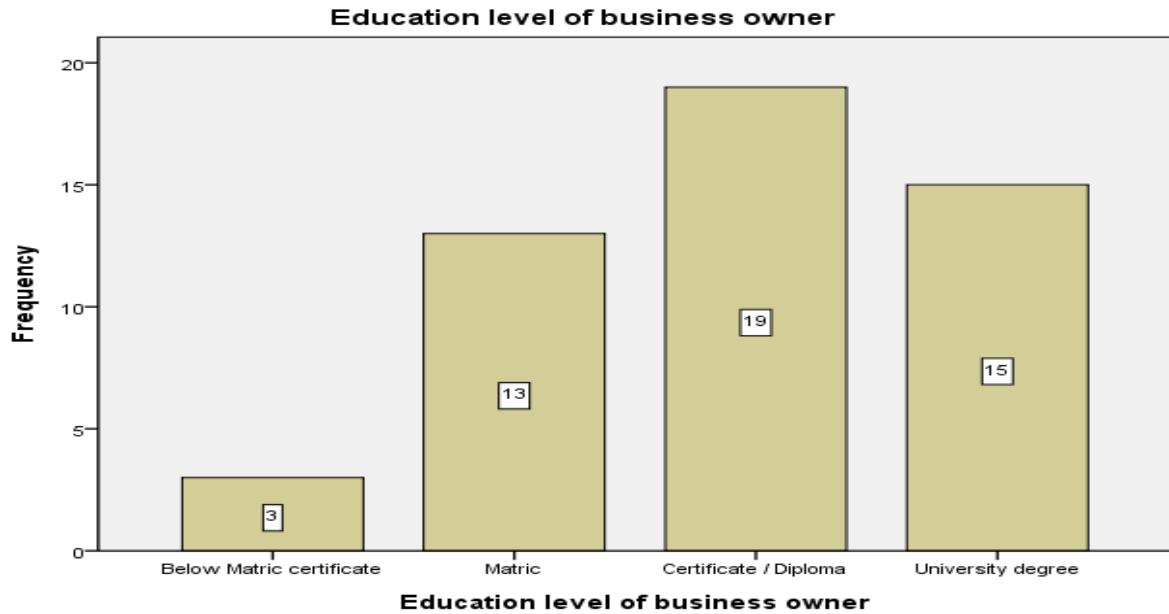


**Figure 6.3: Marital status of business owner**

Figure 6.3 indicates that most of the respondents were married (64%). The divorcees represented 16% of the sample, while the respondents who are single and widowed both represented 10% each.

**Educational level of respondents**

The findings of question four are displayed in Figure 6.4 below.



**Figure 6.4: Education level of business owner**

Figure 6.4 above shows that the majority of women entrepreneurs had a post school (Matric) qualification and this represents 68% of the sample. Twenty six percent of the sampled women attained a Matric certificate. Women entrepreneurs with an educational level that was below Matric certificate constituted 6% of the sampled women. These findings indicate that the respondents were a fairly well educated sample as 94% of the participants had a minimum of a Matric qualification. These findings concur with Nieman *et al.* (2007:29) and Reynolds *et al.* (2001:16/17) who argue that secondary education increases one’s capacity to pursue entrepreneurial activities, while tertiary education increases the durability of entrepreneurial activity. In contrast to this, participation in small business ventures among people who have not completed secondary education is generally low. Such people with no secondary school qualification are most likely to be involved in consumer-oriented initiatives (buying and selling) rather than provision of services (Reynolds *et al.*, 2001:16/17).

**Educational qualification related to business**

Question five of the questionnaire was designed to evaluate whether the educational level of the respondents was related to the business that they are operating. The findings of this question are displayed in table 6.1 below.

**Table 6.1: Educational qualification related to business**

<b>Educational background related to business</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Yes	19	38.0	38.0
No	31	62.0	100.0
Total	50	100.0	

With regards to whether the education qualification of the women entrepreneurs was related to the business that they are currently operating, the majority of the women (62%) indicated that their qualification was not related to their businesses. Only 38% of the respondents had an educational qualification that was related to the businesses that they are operating. The ideal scenario would be for an entrepreneur to have an educational background that is related to the business because this increases the chances of business success. Nevertheless, the type and level of educational qualification that these women entrepreneurs possess can potentially add value to their businesses depending on the unique skills and knowledge needed in the business in question.

**Previous work experience of business owner**

Question six traced whether the respondents had accumulated work experience prior to establishing their small business. The findings are displayed in table 6.2 below.

**Table 6.2: Previous work experience**

<b>Previous work experience</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Yes	45	90.0	90.0
No	5	10.0	100.0
Total	50	100.0	

As indicated in Table 6.2, most (90%) of the sampled women entrepreneurs had worked for another company before establishing their small business. Ten percent of the sampled female



entrepreneurs had no previous work experience at all. These results concur with Nieman and Nieuwenhuizen (2009:31/2) who are of the opinion that most people who establish successful small businesses would have worked for another company. In most cases, these people would have identified business opportunities from their employment bases. Previous work experience combined with post school training increases the chances of entrepreneurial success (Nieman *et al.*, 2007: 29).

**Previous work experience related to current business**

Table 6.3 displays the findings of question seven which determined whether the entrepreneurs’ work experience was related to the small business that they are operating.

**Table 6.3: Previous work experience related to current business**

Previous work experience related to current business		Frequency	Percent	Cumulative Percent
Valid	Yes	26	52.0	52.0
	No	24	48.0	100.0
	Total	50	100.0	

The above table indicates that 52% of the sampled women entrepreneurs had previous work experience which was related to the small businesses that they are operating. According to Barringer and Ireland (2008:260), relevant industry experience increases the entrepreneur’s ability to launch a successful business venture as the entrepreneur would have acquired mature networks within the industry. Forty eight percent of the women entrepreneurs had previous work experience which was not related to their current enterprises.

**Motivation for starting a business**

Table 6.4 displays the findings of question eleven which was designed to establish the factors which motivate women to establish small businesses.

**Table 6.4: Motivation for starting a business**

Motivation for starting a business <sup>a</sup>	Responses		Percent of Cases
	N	Percent	
Additional income	21	11.7%	44.7%
Was not employed	7	3.9%	14.9%
Did not want to work for others	20	11.1%	42.6%
Desire for control	21	11.7%	44.7%
To make my own decision	32	17.8%	68.1%
Social status	4	2.2%	8.5%
Self achievement	30	16.7%	63.8%
Difficult to balance career and family life	5	2.8%	10.6%
To provide for my family	22	12.2%	46.8%
To survive financially	18	10.0%	38.3%
Total	180	100.0%	383.0%

a. Dichotomy group tabulated at value 1.

Table 6.4 displays the reasons which motivated the sampled women to establish small businesses. This question required the sample women to tick more than one answer from the set of given alternatives. As a result of this,  $n = 180$  and the discussion of the results will be based on percentage of cases. Most (68.1%) women cited the desire to make own decisions as the main motive for establishing a business. This is followed by the desire for self achievement (63.8%) and the need to provide for the family (46.8%). The desire for additional income and control represents the same percentage of 44.7% of the sampled women entrepreneurs. These findings are in agreement with a large body of literature which argues that most people become entrepreneurs because of the desire for independence and control (Carter, 2000:328; McClelland *et al.*, 2005:85). The desire for social status had the lowest percentage of respondents (8.5%) which therefore indicates that women are less driven by social status when they start up small businesses. This sentiment tends to partly explain why women owned business usually remain small because there is a positive relationship between social status and business growth. Some authors even point out that

women owned businesses are small in terms of revenue and the number of employees, especially when one compares them with their male counter parts (Anna *et al.* 1999:279; Coleman and Robb, 2009:2).

#### **6.4.2 Business profile**

Under this section, questions pertaining to the demographic data of the business were reviewed. The information collected was the year that the business was established, whether the business was registered or not and the type of industry in which the small business operating under.

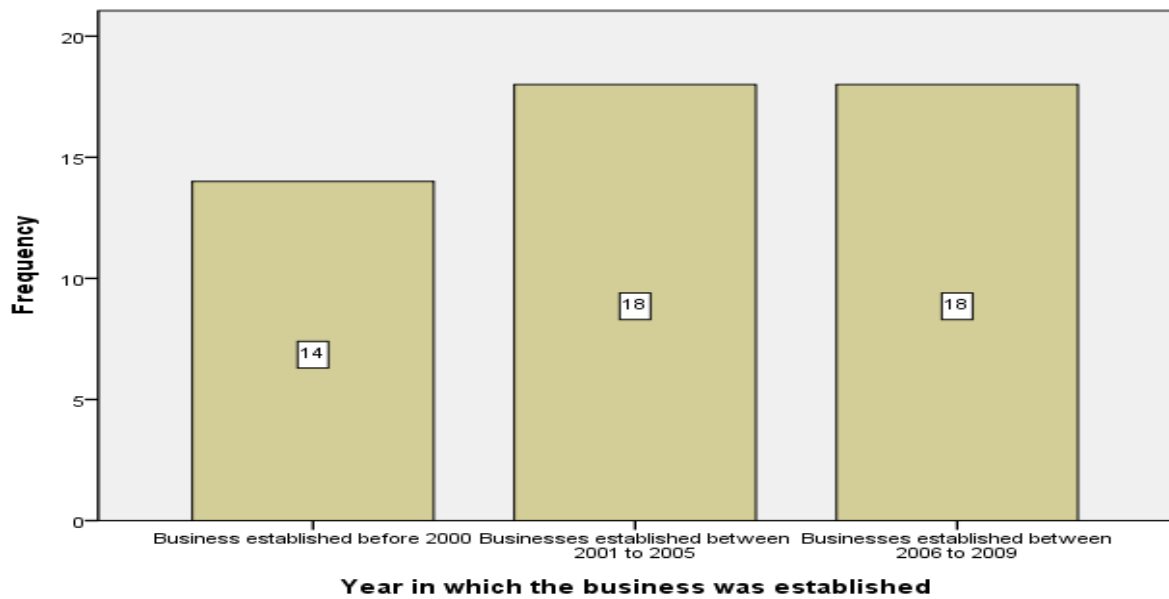
##### **Year of business establishment**

The findings of question eight were presented in two formats. Table 6.5 displays the actual year in which the small business was established. Figure 6.5 indicates the year of business establishment when grouped into three different time periods.

**Table 6.5: Year in which the business was established**

<b>Year of business establishment</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
1968	1	2.0	2.0
1974	1	2.0	4.0
1983	1	2.0	6.0
1989	1	2.0	8.0
1992	1	2.0	10.0
1995	5	10.0	20.0
2000	4	8.0	28.0
2001	2	4.0	32.0
2002	3	6.0	38.0
2003	5	10.0	48.0
2004	2	4.0	52.0
2005	6	12.0	64.0
2006	4	8.0	72.0
2007	5	10.0	82.0
2008	9	18.0	100.0
Total	50	100.0	

Most (18%) of the small businesses were established in 2008, followed by businesses which were established in 2005 which constituted 12%. The oldest business was established in 1968 (more than 40 years ago) followed by a business that was started more than 35 years ago in 1974.



**Figure 6.5: Year of business establishment**

Figure 6.5 indicates that most ( $n = 18$ ) businesses were established in the last four years (2006 to 2009). This may indicate that the rate at which women are starting small businesses is increasing compared to the previous period (before 2005). Whether this is as a result of the effects of the 1995 White Paper on Small business or not is yet to be established.

### Type of business ownership

Table 6.6 below displays the legal persona of the sampled women small businesses as ascertained in question nine of the questionnaire.

**Table 6.6: Type of business ownership / Legal persona of business**

Type of business ownership	Frequency	Percent	Cumulative Percent
Not registered	21	42.0	42.0
Close corporation	29	58.0	100.0
Total	50	100.0	

As indicated in Table 6.6, the majority (58%) of the sampled women owned businesses were registered as Close Corporations. Forty two percent were not registered at all, implying that they were operating as sole proprietorships.

**Type of industry**

Table 6.7 displays the findings from question ten which investigated the industrial sector in which these women small businesses are operating.

**Table 6.7: Type of industry**

Type of Industry	Frequency	Percent	Cumulative Percent
Retail	17	34.0	34.0
Service	24	48.0	82.0
Manufacturing	1	2.0	84.0
Construction & Engineering	1	2.0	86.0
Retail & Service	5	10.0	96.0
Manufacturing & Retail	2	4.0	100.0
Total	50	100.0	

According to the information displayed in Table 6.7, most (48%) of the women businesses were in the service industry. Thirty four percent were in the retail industry and 10% of the small enterprises were a combination of both the retail and service industry. Manufacturing, construction / engineering and manufacturing / retail industries represented only 8% of the sampled businesses. These findings are in agreement with a large body of literature which indicates that most women businesses are found in the retail and service industries (Anna *et al.*, 1999:279; Hackler *et al.*, 2008:6; Coleman and Robb, 2009:2). In this study, the combined percentage of women businesses which are found in both the retail and service industry is 62% (retail = 34% + service = 48% + combination of retail and service = 10%). Smith-Hunter and Boyd (2004:19) add to this by pointing out that most female business owners have remained in traditional areas like personal services, which are only an extension of women’s roles in the home. Although this trend is shifting nowadays from retail and service industries, a few women are entering the male dominated industries such as manufacturing, construction and engineering. These findings are also evident in this study

where manufacturing, construction / engineering and manufacturing / retail industries represented only 8% of the sampled businesses. The fact that most women businesses are mostly found in the retail and service industries could be as a result of the multiplicity of barriers that they encounter in the small business sector. As a result of this, most women are inclined to start up businesses in retail and service industries where the barriers to entry seem to be less severe (for example relatively low start up capital is required) as compared to the other sectors of the economy like manufacturing, mining and the construction sector.

### 6.4.3 Experts profile

Section A of the expert questionnaire was designed with the intention of gathering background information about the experts. This section included questions relating to the respondent's gender, educational qualification, years of experience and their degree of involvement in the small business sector. The empirical findings are outlined in table 6.8 below.

**Table 6.8: Expert profile**

Participants	Gender	capacity	Level of education	Experience in small business sector in years
Respondent 1	Male	Academic and consultant and entrepreneur	Master's degree	6 to 10 years
Respondent 2	Male	Academic, consultant, and entrepreneur	PhD	More than 10 years (28 years)
Respondent 3	Male	Academic, consultant, entrepreneur	PhD	More than 10 years
Respondent 4	Male	Employed by institution that supports SMME	Diploma	More than 10 years
Respondent 4	Female	Academic	Master's degree	Below 5 years
Respondent 6	Female	Employed by institution that supports SMME and consultant	Diploma	More than 10 years

## **Gender**

According to the information displayed in table 6.8, the sample of experts was represented by 66.7% (n = 4) male and 33.3% (n = 2) females.

## **Level of education**

The educational qualification of the experts is equally distributed, that is 33.3% (n = 2) experts had a diploma qualification, the other 33.3% (n = 2) of the experts had a master's degree and lastly 33.3% (n = 2) of the experts had a PhD qualification. It can be concluded from this sample that the majority (66.7%) of the experts in the sample had a minimum qualification of a master's degree.

## **Period of involvement in the small business sector**

In terms of their involvement in the small business sector, 66.7% (n = 4) of the experts had more than ten years of experience. The two experts with a master's degree had ten or fewer years of experience. It is also important to mention that the experts with a diploma qualification had more than ten years of experience.

## **Capacity of involvement in the small business sector**

Regarding their capacity of involvement in the small business sector, 50% (n = 3) of the sampled experts are academics, consultants and entrepreneurs. This is a positive finding because it shows that these experts had both practical experience as entrepreneurs as well as the entrepreneurial knowledge. Thirty three point three percent (33.3%) (n = 2) of the experts were employed by institutions that support the small business sector. Sixteen point seven percent (16.7%) (n = 1) of the experts were academics.

The above results provide the background information of both the women entrepreneurs and the experts. This information is important as it gives the reader an understanding of salient characteristics of people who participated in the research project. The next section presents the empirical findings together with a discussion of the results in line with the research objectives.



## 6.5 Reliability Analysis: Cronbach's Alpha

In order to assess the validity of the results and whether similar results would be achieved if the sample size was increased, Cronbach's Alpha was used as a reliability test. According to Coakes and Steed (2003:140), Cronbach's alpha is normally used for testing reliability. The Cronbach's alpha ranges from 0 to 1 and a value of 0.7 or higher is a very good in that it can ensure that the researcher would get similar results if the study is carried out on a larger sample of respondents. Cronbach's alpha was calculated for questions 19, 20, 21, 27 and 37. The results are displayed in table 6.9 below.

**Table 6.9: Reliability – Cronbach's Alpha**

Item	Number of items	Cronbach's alpha
Question 19.1 to 19.13	13	0.783
Question 20.1 to 20.8	8	0.820
Question 21.1 to 21.6	6	0.761
Question 27.1 to 27.4	4	0.783
Question 37.1 to 37.7	7	0.775

Table 6.9 indicates Cronbach's alpha reliability coefficients which are in excess of 0.7. Therefore, it can be concluded that the researcher would get similar results if the survey was conducted on a larger sample of respondents.

## 6.6 The Kolmogorv Smirnov Test

The purpose of this test is to assess whether the variables that have been tested come from a normal distribution or not. The importance of these results influences the type of statistical tools that can be used for data analysis. In order to perform this test, hypotheses were established.

$H_0$ : The tested variables come from a normal distribution.

$H_1$ : The tested variables do not come from a normal distribution.

The results of the Kolmogorov Smirnov test are displayed in table 6.10.

**Table 6.10 One-Sample Kolmogorov-Smirnov Test Results**

Question no.	n	Mean	Std. Deviation	Minimum	Maximum	Kolmogorov-Smirnov Z	Asymp. Sig. (2-tailed)
19.1	50	1.60	1.050	1	5	2.801	.000
19.2	50	1.96	1.177	1	5	1.927	.001
19.3	50	2.56	1.013	1	5	1.470	.027
19.4	50	1.90	.953	1	5	1.684	.007
19.5	50	2.40	.990	1	5	1.894	.002
<b>19.6</b>	<b>50</b>	<b>2.94</b>	<b>1.331</b>	<b>1</b>	<b>5</b>	<b>1.323</b>	<b>.060</b>
19.7	50	2.74	1.139	1	5	1.428	.034
19.8	50	2.92	1.027	1	5	1.634	.010
<b>19.9</b>	<b>50</b>	<b>2.76</b>	<b>1.255</b>	<b>1</b>	<b>5</b>	<b>1.302</b>	<b>.067</b>
19.10	50	2.24	1.238	1	5	1.675	.007
19.11	50	1.98	1.078	1	4	2.109	.000
19.12	50	2.20	1.245	1	5	1.502	.022
19.13	49	2.76	1.199	1	5	1.148	.143
20.1	50	3.64	1.367	1	5	1.583	.013
20.2	50	3.64	1.367	1	5	1.698	.006
20.3	50	3.20	1.107	1	5	1.356	.051
20.4	50	3.72	1.262	1	5	1.469	.027
20.5	50	3.16	1.076	1	5	1.421	.035
20.6	50	3.10	1.233	1	5	1.360	.050
20.7	50	3.32	.935	1	5	1.795	.003
20.8	50	3.26	1.209	1	5	1.483	.025

At the 5% significance level,  $H_0$  is rejected and  $H_1$  accepted for all questions except for questions 19.6 and 19.9. Since the p-value of most of the questions is less than 0.05, it can, therefore, be concluded that the tested variables do not come from a normal distribution. Due to the fact that the tested variables do not come from a normal distribution, it implies that non parametric statistics can be used for testing. In addition, non parametric tests were utilized

because of the nature of the data which is nominal categorical data. Again, because women owned businesses are not homogenous, a non parametric test on the data makes sense.

As mentioned in section 6.2 above, content analysis, which forms the core for data analysis for this study was complemented with two other non parametric tests namely; Kruskal Wallis test and Chi square test. Thus, Kruskal Wallis test was used for testing objective one. Chi square test was used for testing objective three.

## **6.7 Presentation and discussion of results according to the specific aims of the study**

This section combines the presentation and discussion of the empirical findings of the collected data according to the research objectives of the study.

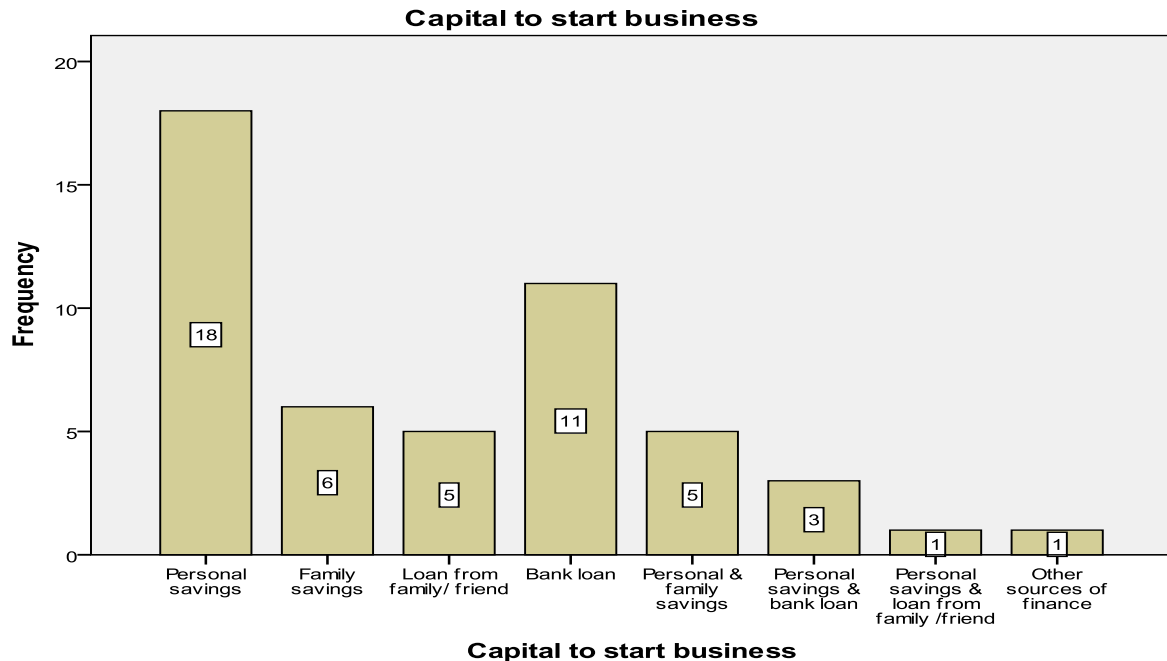
### **6.7.1 Research objective one**

**The first research objective is to investigate the barriers to entry into women entrepreneurship.**

With regards to research objective one, the researcher explored the barriers to entry in two ways. The first part investigated the women entrepreneurs' own experiences of the barriers to entry and how they overcame some of these challenges. The second part allowed the women entrepreneurs to give their own perception of how the obstacles to the small business sector affect women in general. The reason for this was because of the shortcomings of the sampling method that was adopted for the study (snowball approach). One of the major weaknesses of snowballing is that one is likely to pick a sample of individuals who share the same views; hence the outcome of the survey may be biased. Therefore, in order to minimize biased results, the researcher included both women entrepreneurs' own experiences and their perceptions.

### Sources of start up capital

Question twelve of the questionnaire was designed to obtain information on the sources of capital which were used by the sampled women in order to establish their small businesses. The empirical findings of this question are displayed in figure 6.6 below.



**Figure 6.6: Sources of start-up capital**

Figure 6.6 indicates that most (36%) of the respondents used personal savings to establish their business enterprises. Eighteen percent (10% + 6% + 2%) of the respondents used a combination of personal savings and other sources of business funding such as family savings, bank loan and loan from family. Twenty two percent of the respondents used bank loans to establish their small businesses. These findings clearly show that women use different sources of capital resources in order to establish their businesses. These findings are in agreement with a large body of literature which argues that finance is the principal barrier to women entrepreneurship (Carter, 2000:326; Robertson *et al.*, 2003:301; De Bruin and Flint-Hartle, 2005:109; Abor and Biekpe, 2006:106; Nieman *et al.*, 2007:34). As a result of the difficulties that women entrepreneurs encounter in accessing start up finance, women usually end up using a mix of financial resources to establish their businesses such as personal and household savings, profit re-investment, angel funds, finance from friends,

family inheritance, contribution of business partners and government grants (De Bruin and Flint-Hartle, 2005:117). In addition to these sources of funding, Hisrich, Peters and Shepherd (2005:70) mention that a significant number of women tend to start their businesses using personal assets and savings and sometimes personal loans during the start up phase. This use of a varied mix of capital can be attributed to the fact that financial providers do not take women seriously as important players in the small business sector. Bruni *et al.* (2004:262/263) concur with this by highlighting that people are likely to come up with the assumption that “women cannot handle money”. A large body of literature supports this view that women face problems in accessing bank loans because they lack personal assets to pledge as collateral. The majority of women do not have any credit track records which is one of the requirements for accessing loans (O’Neill and Viljoen, 2001:41; Sandberg, 2003:409; Abor and Biekpe, 2006:106).

**Was the capital sufficient to start up the business?**

Question thirteen was designed to establish whether the sampled women entrepreneurs started up their small businesses with sufficient capital. The findings of the question are presented in table 6.11.

**Table 6.11: Sufficiency of start-up capital**

Sufficiency of start up capital	Frequency	Percent	Cumulative Percent
Yes	31	62.0	62.0
No	19	38.0	100.0
Total	50	100.0	

Table 6.11 indicates that 62% of the respondents had enough capital to start up their small businesses, while 38% indicated that they started their businesses with insufficient capital. These findings contradict a large body of literature which argues that women establish their small business enterprises with insufficient capital resources due to the challenges they encounter in accessing business funding. For example, Roomi *et al.* (2009:278) and Abor and Biekpe (2006:107) point out that women owned businesses are established with lower levels

of capital and lower levels of debt finance. According to Forson (2006:423) most women start up their enterprises with a third of the actual required capital which leads to undercapitalization (Abor and Biekpe, 2006:107; Stringfellow and Shaw, 2009:140/141). Establishing a small business with limited funding is one of the root causes of cash flow problems which in turn cause business failures. This finding agrees with Abor and Biekpe, (2006:106) who stated that insufficient liquidity is frequently cited as a cause of small business failures. Although, this might be the case, 38% still represents a significant number of women who struggled to fund their small business ventures. This indicates that women make a lot of sacrifices to enter the small business sector.

### **Strategies for coping with insufficient start up capital**

Question fourteen explored the strategies that were used by women who had insufficient start up capital. This question was linked to question thirteen. The question was designed to check for consistency and accuracy of data supplied by the respondents. Thus, only those women who established their small businesses with inadequate funding were supposed to respond to this question, that is the 38% (or  $n = 19$ ).

Table 6.12 below, illustrates that twenty women entrepreneurs ( $n = 20$ ) responded to this question instead of 19 ( $n = 19$ ) women entrepreneurs. This resulted from the fact that one entrepreneur indicated that she had enough start up capital in question 13 above. Initially, when she decided to establish a small business, she was not able to raise enough capital. As a result, she disposed of one of her immovable properties (house) in order to raise enough capital. This is represented by the respondent who disposed of some assets in table 6.12. The fact that a respondent disposed of her house in order to establish a small business shows the level of sacrifice and risks that some women are taking in life. On the contrary, it also indicates poor financial management principles among women. In this case, the woman could have used her house as collateral for a small business loan.

With regards to this question, the objective of attaining consistency and accuracy of results was achieved. Thus, twenty respondents minus one respondent who disposed of some assets equals nineteen respondents ( $n = 19$ ) as shown in Table 6.11 (sufficiency of start-up capital).

The methods that were used by the sampled women entrepreneurs as a strategy for coping with insufficient capital are displayed in table 6.12 below.

**Table 6.12: Ways of dealing with insufficient capital**

Ways of dealing with insufficient capital		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Bank loan	3	6.0	15.0	15.0
	Loan from family	4	8.0	20.0	35.0
	Ploughed back profits	2	4.0	10.0	45.0
	No salary	4	8.0	20.0	65.0
	Started small	5	10.0	25.0	90.0
	Business partner	1	2.0	5.0	95.0
	Disposed some assets	1	2.0	5.0	100.0
	Total	20	40.0	100.0	
Missing	System	30	60.0		
Total		50	100.0		

As a strategy for coping with insufficient start up capital, table 6.12 illustrates that the respondents used various strategies for overcoming their financial problems. The most used strategy was that of starting the business with minimal resources “starting small” and then expanding with time when the resources permitted. This category is represented by 10% of the women entrepreneurs. Some of the strategies used ranged from no salary for the business owner (8%), back up loan from family (8%), bank loan (6%) and ploughing back profits into the business (4%). One respondent managed to raise additional capital by joining hands with a business partner, who later sold his or her business interest (shares) to the remaining partner.

### **Challenges of securing business premises**

The objective of question fifteen was to evaluate whether women entrepreneurs encounter challenges in securing business premises. The findings of this question are presented in table 6.13.

**Table 6.13: Difficulty in finding business premises**

<b>Difficulty in securing business premises</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Yes	8	16.0	16.3	16.3
No	41	82.0	83.7	100.0
Total	49	98.0	100.0	
Missing System	1	2.0		
Total	50	100.0		

From table 6.13 above, only 16% of the respondents indicated that they experienced problems in securing business premises. The majority (82%) of the respondents did not, in contrast to the literature that points out that women struggle to secure business premises. For example, SAWEN (2008:2) argues that most women entrepreneurs cannot afford to pay high rentals that are charged in prime business locations. These findings could, however, be explained by the current global economic recession which affected all businesses regardless of size, type and sector. Thus, the global economic crises forced many businesses to close down their operations. This resulted in many vacant office spaces in malls and other industrial areas. Hence, while women experience challenges in securing business premises before the recession, the situation improved with the effects of the global recession.

### **Strategies used to overcome business premise challenges**

The methods used by the sampled women entrepreneurs of overcoming business premise challenges were investigated under question sixteen. The respondents pointed out different ways or methods of overcoming business premise challenges. Some of the strategies used were; operating from home, opting to operate from a less busy mall which was less expensive in terms of rentals. Another notable strategy used was whereby the aspirant entrepreneur



negotiated to share business premises with another established business owner by renting out a small portion of the shop. This strategy has many benefits that are attached to it. Some of the benefits include, less rentals for both business owners and more exposure for the budding (emerging) women entrepreneur.

### **Challenges of finding reliable labour**

Question seventeen investigated whether the women entrepreneurs experienced challenges of finding reliable labour (employees). The findings of this question are displayed in table 6.14 below.

**Table 6.14: Challenges of finding reliable labour**

<b>Challenges of finding labour</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Yes	16	32.0	33.3	33.3
No	32	64.0	66.7	100.0
Total	48	96.0	100.0	
Missing System	2	4.0		
Total	50	100.0		

As indicated from Table 6.14 above, only 32% of the respondents cited challenges with regard to finding reliable employees (labour), whilst the majority (64%) did not experience any challenges. This could be due to the current economic hardships which left many people jobless. On the other hand, it is crucial to point out that while finding labour in this case was not a big issue, finding reliable employees who share the same vision with the small business owner is a huge challenge for all organizations regardless of size.

### **Ways of coping with labour challenges**

Question eighteen was designed with two objectives in mind. These objectives were to check for accuracy of data and to investigate the strategies used by respondents to cope with labour challenge issues.

In this regard, accuracy was achieved as the number of respondents who indicated that they encountered challenges in finding reliable labour in table 6.14 above and the responses for dealing with the same challenge in table 6.15 below are balancing (i.e. n = 16). Table 6.15 presents the findings of question eighteen.

**Table 6.15: Ways of solving labour challenges**

Ways of dealing with labour challenges	Frequency	Percent	Valid Percent	Cumulative Percent
Referrals from friends, family & customers	5	10.0	31.3	31.3
Trial & error	4	8.0	25.0	56.3
Comprehensive interviews	1	2.0	6.3	62.5
Strict monitoring & comprehensive training	4	8.0	25.0	87.5
No response	2	4.0	12.5	100.0
<b>Total</b>	<b>16</b>	<b>32.0</b>	<b>100.0</b>	
Missing System	34	68.0		
Total	50	100.0		

Table 6.15 illustrates that the respondents used different ways of overcoming labour challenges. The strategies ranged from recruiting people who were referred by “trusted” associates of the business owner such as family, friends and customers which accounts for 10% of the sampled population. Some strategies included trial and error recruiting method (8%), strict monitoring and comprehensive training (8%) and carrying out comprehensive interviews.

The barriers discussed above relate to the women’s own personal experience of the barriers to entry. The above discussion of the barriers to entry reveals that some of the women entrepreneur’s personal experiences contradict with the findings of previous research. For example, the majority of the sampled women indicated that they established their small businesses with sufficient capital.

The following section (summary of the barriers to entry) discusses some of the barriers to entry according to the women’s general perceptions.

**Summary: Barriers to entry**

Question nineteen summarized the perceptions of women entrepreneurs of the major barriers to entry into women entrepreneurship. Table 6.16 displays the findings.

**Table 6.16: Overall barriers to entry**

<b>Barriers to entry into female entrepreneurship</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Agree in some cases</b>	<b>Disagree</b>	<b>Strongly disagree</b>
Access to finance	68.0%	14.0%	12.0%	2.0%	4.0%
Lack of information	48.0%	24.0%	18.0%	4.0%	6.0%
Access to business network	16.0%	30.0%	40.0%	10.0%	4.0%
Lack of entrepreneurial training	40.0%	38.0%	16.0%	4.0%	2.0%
Lack of profitable markets	24.0%	22.0%	46.0%	6.0%	2.0%
Gender discrimination	20.0%	18.0%	22.0%	26.0%	12.0%
Access to business premises	14.0%	32.0%	26.0%	22.0%	6.0%
Access to technology	10.0%	20.0%	44.0%	20.0%	6.0%
Access to labour	20.0%	20.0%	36.0%	12.0%	12.0%
Lack of confidence	34.0%	32.0%	18.0%	8.0%	8.0%
Lack of awareness of business support	48.0%	16.0%	26.0%	10.0%	.0%
Lack of managerial skills	38.0%	26.0%	22.0%	6.0%	8.0%
Business registration process	18.4%	24.5%	26.5%	24.5%	6.1%

## **Access to finance**

Most (68%) of the respondents strongly agree that access to finance is a huge barrier to entry, whilst 14% agreed. Twelve percent of the respondents somewhat agreed, while 6% of the respondents either strongly disagreed or just disagreed. These findings imply that the majority (82%) of women entrepreneurs struggle to access start-up capital for their small businesses. These findings, therefore, concur with a large body of literature which argues that access to finance is a minefield for many start-up women entrepreneurs (McKay, 2001: 153; De Bruin and Flint-Hartle, 2005:109; Still and Walker, 2006:295; Abor and Biekpe, 2006:106; Nieman *et al.*, 2007:34; Mboko and Smith-Hunter, 2009: 160; Treanor and Henry, 2010: Online). In addition, Still and Walker (2006:299) point out that lack of sufficient capital resources is hindering the growth of women entrepreneurship, and yet financial resources are considered by Roomi *et al.* (2009:281) to be the engine for a successful business venture.

Expert opinion is opposing the views of women entrepreneurs. The majority (66.67%) of the experts are of the opinion that access to finance is not a barrier to entry into women entrepreneurship, while the minority (33.33%) believed that the government should assist with the provision of finance. The majority of experts believe that it is not the role of government to provide finance to entrepreneurs. The mandate of the government according to some of the experts is to formulate policies that would result in the creation of a business environment which is conducive for small businesses growth. The experts argued that finance is available for starting small businesses, what is lacking are business ideas that are capable of attracting finance. The government could instead focus on assisting women entrepreneurs with collateral issues. This could be done by providing guarantees for women business owners to financial institutions.

The experts also mentioned that if the government is to assist with finance, the financial resources should be channelled towards women who are operating “survivalist” businesses. This appears to make sense from “a political perspective” in that the poor may be able to survive financially. On the other hand, channelling tax payers monies to survivalist

businesses might not be a good idea in the sense that these businesses usually do not have the potential to grow. In fact, one can argue that the government should instead assist entrepreneurs who have the potential to grow.

The minority of the experts (33.33%) are of the view that the government should set aside finance specifically to assist women in the small business sector because access to finance is a major barrier to women entrepreneurship. This could be achieved by setting aside finance specifically for women entrepreneurs and only women with viable business ideas should access this type of funding.

### **Lack of information**

Forty eight percent of the respondents strongly agreed that lack of information is a huge barrier to entry into women entrepreneurship, whilst 24% agreed. Eighteen percent of the women entrepreneurs somewhat agreed that lack of information is hampering the development of women enterprises and the other 10% disagreed. These results, therefore, suggest that the majority (48% + 24% = 72%) of women entrepreneurs are struggling with accessing informational support which is critical for establishing a successful business. These findings are in agreement with Roomi *et al.*, (2009:279-280) and SAWEN (2008:1/2) who are of the opinion that women entrepreneurs do not have access to information regarding the development of small businesses. Yet, setting up and running a successful small business requires accurate and correct information for the entrepreneur to make informed decisions.

The experts on the other hand, are advocating for the establishment of small business one-stop-shops where all entrepreneurs could go and get all their informational support requirements. In addition to this, the government should open more platforms for spreading information to the small business sector through advertising. Entrepreneurial information is crucial because it empowers entrepreneurs to make informed decisions. It is also important to mention that women should play their part by seeking information.

### **Access to business networks**

Forty percent of the respondents agreed that in some cases, access to business networks is discouraging women to set up small businesses. Thirty percent of the respondents agreed, while 16% of the respondents strongly agreed that access to business networks is a barrier to women entrepreneurship. Fourteen percent (10% + 4%) of the respondents do not think that access to business networks is an obstacle to women entrepreneurship. These findings, therefore, reveal that the majority (46%) of the women entrepreneurs consider access to business networks as a major challenge to the establishment of women owned enterprises. These findings are supported by a large body of literature which argues that access to business networks is a barrier to women entrepreneurship. This is ascribed to the fact that women spend less time networking as compared to their male counterparts (Mordi *et al.*, 2010:7; Bruni *et al.*, 2004:262/263; Moore, 2004:80).

Similarly, the experts agree that access to business networks is a barrier to women entrepreneurship. One expert mentioned that:

*“Women should engage with existing women organisations”*

Engaging with women organisations is one way of encouraging networking among women entrepreneurs. The above comment also suggests that the entrepreneur has the sole responsibility of creating strong business networks. Thus, an entrepreneur should understand the benefits that are associated with networking. This opinion is revealed in another comment from another expert who said that:

*“Establishing business networks is not the role of the government”*

While, this statement is true, the government should however encourage small business owners to create business networks.

### **Lack of entrepreneurial training**

Forty percent of the respondents strongly agree that lack of entrepreneurial training is hindering the growth of women businesses, while 38% agreed. Sixteen percent of the respondents agreed in some cases. On the other side of the scale, a total of 6% of the respondents disagreed, that is, 4% who disagreed and 2% who strongly disagreed. The

majority (78%) of the sampled women entrepreneurs are of the opinion that lack of entrepreneurial training is discouraging women from establishing small businesses. These findings concur with Roomi *et al.* (2009:280) and Nieman *et al.* (2007:35) who argue that most women businesses are underperforming because of a lack of entrepreneurial training.

The experts on the other hand agree with the views of the women entrepreneurs. They argue that entrepreneurial training should be redesigned in this country so that the curriculum addresses the challenges that entrepreneurs are facing. They also argue that the training should be designed in such a way that it is based on practical issues rather than theory. The views of the experts concur with Nieman *et al.* (2007:36), who report that even though training is provided to entrepreneurs, the type of training has a weakness in that it tends to focus more on the training of the traditional manager and not of an entrepreneur. In other words, the training curriculum for entrepreneurs should be tailor made to suit the unique challenges that they are facing. Enhancing the capacity of female entrepreneurs to make and implement strategic decisions should be prioritized by the policy makers (Mboko and Smith-Hunter, 2009:167). The experts also mention that redesigning of the training programmes should start with employing the staff with correct skills in the relevant government departments which deals with training. These people (the government employees) should work in conjunction with academics and researchers from institutions of higher learning. The inputs of the entrepreneurs should also be taken into account so that the end product (training guidelines) would be able to address the challenges that entrepreneurs are facing. Apart from this, entrepreneurial training should be offered in most parts of the country especially in the rural areas. In addition to this, some experts believe that the teaching of entrepreneurial theory should continue and be intensified at schools and institutions of higher learning so that future generations of entrepreneurs are equipped with the necessary skills for establishing small businesses and creating employment.

### **Lack of profitable markets**

Forty six percent of the respondents agreed in some cases that lack of profitable markets is discouraging women to start small businesses. A similar percentage (46%) of the respondents

agreed that lack of profitable markets is a barrier to women entrepreneurs, i.e. 24% who strongly agree plus 22% who agreed. Eight percent of the respondents disagreed.

Although, in this case, there is no clear cut majority opinion of the sampled women entrepreneurs who are of the opinion that lack of profitable markets is a barrier to women entrepreneurship, it is still a substantial figure. This is in line with Nieman *et al.* (2007:32) who stated that access to profitable and sustainable markets is crucial for the success of any business venture. One of the reasons why a substantial number of women entrepreneurs are citing access to profitable markets as a barrier to entry could be due to the fact that they lack the skills that are necessary for identifying sustainable markets. In support of this, one expert mentioned that:

*“Entrepreneurs need to be educated on the practicalities of how markets should be identified”.*

The marketing training should not end with the identification of a sustainable market, but should also deal with how the identified market segment should be sustained so that it would continue to be profitable in future. This information, therefore, implies that lack of profitable markets, per se, is not a barrier to women entrepreneurs, but rather the process of identifying a profitable and sustainable market is indeed a barrier. Due to the fact that most entrepreneurs do not know how to identify a sustainable market, they end up adopting the “follow the group” approach in the hope that whatever has worked for others in the past would surely work for them as well (Nieman and Nieuwenhuizen, 2009:36).

In addition, Mordi *et al.* (2010:16) argue that women entrepreneurs encounter difficulties in finding acceptance in the market place as well as respect from customers. These challenges tend to impact negatively on the profitability of women owned businesses, even when the woman entrepreneur has successfully identified a sustainable market. Finding acceptance in the market place and respect from customers is related to negative societal perceptions towards women in general.



Regarding the same issue, some experts are of the opinion that the government through the relevant departments, should constantly update the small business sector on the prevailing market conditions since not many entrepreneurs have capacity and ability to search for that kind of information. If this is done, entrepreneurs would keep abreast with current information so much that when there is a change in economic cycles (such as recession and boom), they would be able to prepare well in advance.

The experts also proposed that the government should help small business owners to access international markets because the requirements of the current assistance programmes constitute a barrier to most women business. They (international markets) constitute a barrier because the requirement standards are so high that ordinary entrepreneurs could find it very hard to comply.

### **Gender discrimination**

With regards to the discussion of the results of gender discrimination, the researcher decided to use the “agree in some cases” column as a demarcating line between the women entrepreneurs who agree and those who disagree with the fact that it is a barrier to the growth of women businesses. When this is done, there are an equal number of respondents on either side of the demarcation line. Thirty eight percent (20% + 18%) of the sampled women agreed, while on the other side, 38% (26% + 12%) of the women disagreed that gender discrimination is affecting the number of women who intend to establish small businesses. Yet the literature on the other hand argues that gender discrimination is a hurdle to women entrepreneurship (McKay, 2001: 153; Mboko and Smith-Hunter, 2009: 160; Afza and Rashid, 2009: 248). Tillmar (2007:85) further points out that women encounter a lot of disadvantages which emanates from the gender system that exists in the societies that they live. Mboko and Smith-Hunter (2009: 160) support this view by mentioning that the issue of gender affects female entrepreneurs because it impacts on their self confidence, attitude towards success and their motivation for success. The findings could possibly indicate that while gender discrimination was a major challenge for women small businesses, the situation could have been improving for the better. This opinion concurs with some views of one expert who mentions that:

*“The government policy is very clear on gender discrimination and it is making progress in this regard”.*

Another expert pointed out that:

*“The government should continue to set aside gender specific allocations for women especially with finance”.*

Offering a different perspective to gender discrimination among women entrepreneurship, another expert mentioned that:

*“... women should make their business idea, product or service to be a very strong case”.*

This statement implies that women should do thorough research about their business idea so that the idea is well founded. Gender discrimination could be minimized when a woman presents a strong case for a promising business idea.

### **Access to business premises**

Thirty two percent of the respondents agreed that access to business premises is indeed a barrier to entry for women who wish to establish small businesses, while 14% strongly agree. Twenty six percent of the sampled women entrepreneurs agreed in some cases. On the opposite side of the scale, a total of 28% (22% plus 6%) of the respondents disagreed that availability of business premises is an obstacle to women entrepreneurship. The majority (46%) of the respondents believe that securing businesses premises is a huge hurdle in women entrepreneurship. These findings are in accordance with SAWEN (2008:2) which argues that women entrepreneurs need assistance in finding business premises. Mordi *et al.* (2010:16) also cite high rentals as a barrier for the establishment and growth of women owned small businesses.

### **Access to technology**

Forty four percent of the respondents agree in some cases to the fact that access to technology is inhibiting women to enter the small business sector. A total of 30% of the respondents

agreed, that is, 20% who agreed plus 10% who strongly agree. On the same issue, a total of 26% (20% + 6%) of the respondents disagreed. Since the views of the majority (44%) of the sampled women are found in the middle range of the opinion scale, these findings tends to contradict previous research findings. For example, Tulus, (2007:10) argues that lack of technology is a major obstacle that affects a lot of entrepreneurs due to the fact that many small businesses fail to start a business because of lack of appropriate technology. Nieman *et al.* (2007:33/4) support this view by pointing out that the use of up to date technology in the small business sector assists in gaining competitive advantage in the market.

### **Access to labour**

Thirty six percent of the sampled women somewhat agreed that access to labour is a challenge for women entrepreneurship, 40% of the respondents agreed (20% who strongly agreed and 20% who agreed). On the other side of the scale, a total of 24% of the respondents disagreed that access to labour hinders the growth of women owned small businesses. In this case, the views of the majority (40%) concur with previous research findings. For example, Roomi *et al.* (2009:279) assert that entrepreneurs encounter challenges of finding skilled and dedicated employees at reasonably competitive salaries. Temtime *et al.* (2004:564) supports this assertion by arguing that generally small firms pay lower salaries as compared to larger firms.

### **Lack of confidence**

Thirty four percent of the respondents strongly agreed, while 32% agreed that lack of confidence is discouraging women to start up small business. Eighteen percent of the respondents agreed in some cases, while a total of 16% of the respondents completely disagreed. These findings imply that the majority (66%) of the women entrepreneurs view lack of self confidence as a barrier to entry into women entrepreneurship. These findings are in agreement with a large body of literature which point out that lack of self-confidence hinders women entrepreneurship (Brindley, 2005:156; Mordi *et al.*, 2010:91; Pines *et al.*, 2010:194). Lack of self-confidence affects women entrepreneurs in several ways. Thus according to Pines *et al.* (2010:194) low levels of self confidence also impact negatively on

the way in which women entrepreneurs network. In addition to this, Kirkwood (2009:118) points out that lack of self confidence continue to act as a constraint in that it affects the ability of women to secure business funding which is often required for both the establishment as well as for the expansion for their small businesses.

### **Lack of awareness of business support**

Forty eight percent of the respondents strongly agreed that lack of business awareness and support is discouraging women from starting small businesses, while 16% of the respondents agreed, 26% the respondents agreed in some cases. Only 10% of the respondents disagreed with this statement. The majority of the respondents (64%) believe that lack of awareness is a barrier for women who wish to establish small businesses. These findings are in agreement with Roomi *et al.* (2009:279/280) who argue that most entrepreneurs lack information of how to establish and develop a business. SAWEN (2008:1/2) supports this by highlighting that women entrepreneurs do not have access to information regarding the development of small businesses.

### **Lack of managerial skills**

Thirty eight percent of the sampled women strongly agreed that lack of managerial skills is discouraging women from entering the small business sector, while 26% agreed with this statement. Twenty two percent agreed in some cases, while only 14% of the sampled women disagreed. This information, therefore, implies that the majority (64%) of women entrepreneurs are of the opinion that lack of managerial skills is discouraging women from starting small businesses. These findings concur with Nieman *et al.*, (2007:36) who stated that women entrepreneurs lack business related skills such as marketing, people management skills, negotiating and solving problems. In addition, Roomi *et al.* (2009:280) argue that there is absence of strategic planning in women owned businesses, as planning tends to be unstructured and irregular in small businesses (Sandberg, 2003:410). Sandberg (2003:410) further argued that both strategic and operational planning is essential for achieving high levels of business performance. Nieman *et al.* (2007:35) supported this view by arguing that women suffer from lack of training in specific fields of entrepreneurship.

## **Business registration process**

With regard to the business registration process, 26.5% of the respondents agreed in some cases and 24.5% agreed that the process of registering a business is a challenge in most women owned small businesses, while 18.4% of the sampled women small businesses strongly agree. On the opposite side of the scale, 24.5% of the respondents disagreed, while 6.1% strongly disagreed. In this case, the majority (42.9%) agree that the process of registering a business is a challenge to women entrepreneurs. Some of the challenges associated with registration of a small business could be linked to bureaucratic issues within the relevant departments. A suggestion according to some of the women entrepreneurs was to appoint a qualified professional to deal with such issues. Whilst this could be a reasonable way of tackling the issue at hand, one could possibly argue that this suggested solution is costly to some women entrepreneurs, especially those who to start small businesses with insufficient capital resources. This could exert more pressure on the finances of the small business which could already be in a serious financial position.

In a nut shell, the above findings indicate that women entrepreneurs still face a lot of challenges with regard to starting small businesses. Some of the major challenges are; access to finance, lack of awareness of support, lack of managerial skills, lack of information and lack of self confidence.

The next step would be to evaluate whether these barriers to entry into women entrepreneurship are influenced by race and the level of education of the entrepreneur. In order to carry out this analysis, the Kruskal Wallis test was used.

### **6.7.1.1 The Kruskal Wallis test: Barriers to entry and Race of small business owner**

The Kruskal Wallis test was used to evaluate whether barriers to entry are influenced by the race of the women entrepreneur and whether the difference is statistically significant. The reason for carrying out this test is based on the premise that the 1995 White Paper on small

business development gave preference to the former disadvantaged groups in this country, implying that barriers to entry are related to the race. In order to carry out this test, hypotheses were formulated as follows:

H<sub>0</sub>: Barriers to entry into women entrepreneurship are the same across racial groups.

H<sub>1</sub>: Barriers to entry into women entrepreneurship are not the same across racial groups.

The results of Kruskal Wallis test on the barriers to entry into women entrepreneurs and race of the women entrepreneurs are displayed in table 6.17 below.

**Table 6.17: The Kruskal Wallis Test – Barriers to entry and Race of small business owner**

Barriers to entry	n	Test statistic	Df	Asymptotic sig. (2-sided test)
Access to finance	50	0.474	3	0.925
Lack of information	50	0.563	3	0.905
Access to business networks	50	6.720	3	0.081
Lack of entrepreneurial training	50	1.623	3	0.654
Lack of profitable markets	50	2.924	3	0.405
Gender discrimination	50	3.860	3	0.277
Access to business premises	50	0.089	3	0.993
Access to technology	<b>50</b>	<b>8.420</b>	<b>3</b>	<b>0.038</b>
Finding reliable labour	50	2.125	3	0.547
Lack of confidence	50	4.423	3	0.219
Lack of awareness	50	3.614	3	0.306

Barriers to entry	n	Test statistic	Df	Asymptotic sig. (2-sided test)
Lack of managerial skills	50	7.629	3	0.054
Business registration process	49	0.504	3	0.918

Asymptotic significances are displayed. The significance level is 0.05

At the 5% significance level, the null hypothesis is rejected and the alternative hypothesis is accepted. In this regard, all the barriers to entry with a p-value which is above 0.05 shows that the barriers to entry are the same across all race groups, with the exception of access to technology which have a p – value of less than 0.05. This, therefore, implies that access to technology is influenced by race. Apart from access to technology, it can be concluded that barriers to entry into women entrepreneurship does not differ significantly with race. From these results, it can be concluded that women face the same barriers to entry regardless of their race. It can also be argued that although women experience the same barriers to entry across different racial groups, the degree at which these women encounter these challenges could be different.

The policy implication of these results means that government should encourage all women to access the available initiatives irrespective of their race. Most women from the other races (whites, Indians and coloureds) are not seeking government initiatives because they feel that they are not the preferred race choice “black”. While it is crucial to give more preference to former disadvantaged women especially the black South African women, the government should not lose sight of the fact that not every woman can be an entrepreneur. Therefore, those women who are eager to become entrepreneurs should be supported all the way regardless of their race. Furthermore, when the country is benefiting from entrepreneurship, the source (race) of the entrepreneur is not very crucial, although the distribution of entrepreneurship across racial grounds should still be taken into account.

### **6.7.1.2 The Kruskal Wallis Test: Barriers to entry and Educational level of the small business owner**

The Kruskal Wallis test was again used to evaluate whether barriers to entry into women entrepreneurship are influenced by the level of education of the entrepreneur. The reason for carrying out this test is; assuming that all things are equal; one would expect a person with a higher level of education to experience lesser barriers to entry than a person with no or little education. Thus, the educated woman entrepreneur is expected to be able to overcome some of the barriers much easier than an uneducated woman. Education opens more opportunities for individuals. The burden of some of the barriers to entry is reduced with higher level of education that an individual acquires. Some of the barriers that can be influenced with education are; lack of information, gender discrimination, entrepreneurial training and profitable markets, to mention just a few. In order to carry out this test, the following hypotheses were formulated.

$H_0$ : Barriers to entry into women entrepreneurship are influenced by the educational level of the entrepreneur

$H_1$ : Barriers to entry into women entrepreneurship are not influenced by the educational background of the entrepreneur.

Table 6.18 below displays the results of Kruskal Wallis test on the educational level of the women entrepreneurs.



**Table 6.18: The Kruskal Wallis Test – Barriers to entry and educational level of small business owner**

Barriers to entry	n	Test statistic	Df	Asymptotic sig. (2-sided test)
<b>Access to finance</b>	50	4.142	3	0.247
<b>Lack of information</b>	50	4.371	3	0.224
<b>Access to business networks</b>	50	0.843	3	0.839
<b>Lack of entrepreneurial training</b>	50	0.638	3	0.888
<b>Lack of profitable markets</b>	50	6.418	3	0.093
<b>Gender discrimination</b>	50	1.965	3	0.580
<b>Access to business premises</b>	50	2.190	3	0.534
<b>Access to technology</b>	50	0.701	3	0.873
<b>Finding reliable labour</b>	50	3.585	3	0.310
<b>Lack of confidence</b>	50	1.882	3	0.597
<b>Lack of awareness</b>	50	2.620	3	0.454
<b>Lack of managerial skills</b>	50	4.036	3	0.258
<b>Business registration process</b>	49	1.724	3	0.632

At 5% significance level, the null hypothesis is rejected and the alternative hypothesis is accepted. In this case, all the barriers to entry with a p-value that is above 0.05 indicate that the barriers to entry are the same across the different educational level of the business owner. This information, therefore, implies that barriers to entry does not differ significantly with educational background of women entrepreneurs.

Although the above results indicate that the barriers to entry are similar across different educational backgrounds or levels, the importance of good quality education should not be underestimated. Acquiring good education increases opportunities of the entrepreneur as well as influencing the capacity and ability of the entrepreneur of running a successful small business. Thus, limited educational opportunities or low levels of education hinder the growth of female entrepreneurship (Nieman *et al.*, 2007:35; Singh and Belwal, 2008:124/125; Mboko and Smith-Hunter, 2009: 160; Afza and Rashid, 2009:248).

### **6.7.2 Research objective two**

**The second research objective is to find out whether the current initiatives are helping women entrepreneurs to overcome some of the barriers that they are facing when they establish small businesses.**

For objective two, the goal of the researcher was to explore the perceptions of women entrepreneurs with regard to whether the current initiatives are helping them to overcome some of the barriers that they are experiencing as women within the small business sector. The premise on which this objective was founded, is that if the government is committed to stimulate women in the field of entrepreneurship, one way of assisting them (women) could be achieved through formulating programmes that would reduce some of the barriers to entry. The views of the women entrepreneurs towards the government's success in reducing some of the barriers to entry are displayed in table 6.19 below.

**Table 6.19: Women entrepreneurs’ perceptions of the success of government on reducing barriers to entry**

<b>Government support for some of the barriers to entry:</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Agree in some cases</b>	<b>Disagree</b>	<b>Strongly disagree</b>
Access to finance	10.0%	14.0%	14.0%	26.0%	36.0%
Lack of information & business advice	6.0%	22.0%	14.0%	18.0%	40.0%
Business networks	6.0%	20.0%	36.0%	24.0%	14.0%
Entrepreneurial training	6.0%	14.0%	18.0%	26.0%	36.0%
Profitable markets	8.0%	16.0%	38.0%	28.0%	10.0%
Gender discrimination	10.0%	22.0%	34.0%	16.0%	18.0%
Access to technology	2.0%	14.0%	46.0%	26.0%	12.0%
Business premises	10.2%	12.2%	28.6%	34.7%	14.3%

### **Access to finance**

Thirty six percent of the sampled women entrepreneurs strongly disagree that the government is successful in reducing the burden of accessing finance in women owned small businesses, while 26% disagree. On the other hand, 10% strongly agree, while 14% agreed that the government is providing adequate financial support towards the small business sector. Fourteen percent agreed in some cases that the government is providing some sort of assistance. These findings, therefore, reveal that the majority (62%) of the sampled women believe that the government is not doing enough to support women entrepreneurs with accessing finance for their small businesses.

### **Lack of information and business advice**

Forty percent of the sampled women entrepreneurs strongly disagree that the government is providing enough information to support the small business sector, while 18% disagree. Fourteen percent of the respondents agreed in some cases. On the opposite side of the scale, 6% strongly agree, while 22% agreed that the government is providing informational support to the small business sector. These findings therefore imply that the majority (58%) of the

women entrepreneurs are of the opinion that the government is not successful in reducing the lack of information as a barrier to entry to women entrepreneurship.

### **Business networks**

With regards to the government's success in reducing access to business networks as a barrier to women entrepreneurship, 36% of the women entrepreneurs agreed in some cases that the government is making some progress. Twenty four percent of the women entrepreneurs disagree, whilst 14% strongly disagree. On the agreeing side of the scale, 6% strongly agree, while 20% agreed. In this case, the majority disagreed that the government is providing assistance with business networking. As mentioned earlier, while the government could do their part by encouraging small business owners to value networking, the onus is on the entrepreneurs to create and maintain these networks so that they can add value to their businesses.

### **Entrepreneurial training**

Regarding the government's success in dealing with entrepreneurial training as a barrier to the establishment of women small businesses, 36% and 26% of the respondents strongly disagreed and disagreed respectively. Eighteen percent agreed in some cases. On the other side of the scale, 6% and 14% of the respondents strongly agree and agreed respectively that the government is making progress with the provision of entrepreneurial training. The majority (62%) of the sampled women entrepreneurs consider that the government is not successful in reducing access to entrepreneurial training as a barrier to women entrepreneurship. This implies that the government needs to reconsider entrepreneurial training in the SMME sector.

### **Profitable markets**

Thirty eight percent (28% + 10%) of the women small business owners disagreed that the government is successful in reducing access to profitable markets as a barrier to women small business ownership. The other thirty eight percent of the respondents had a divided opinion

on this statement as they could not make a clear cut decision on whether the government is successful or not. Twenty four percent (8% + 16%) of the respondents strongly agreed and agreed respectively. The pattern of these findings could be linked to the fact that the responsibility of identifying profitable markets lies with the entrepreneur. The government could only assist with equipping entrepreneurs with entrepreneurial training which could focus on the identification of markets among other important issues of the training requirements of an entrepreneur. One way could be equipping women entrepreneurs with the knowledge and ability of carrying out market research.

### **Gender discrimination**

With regards to the government's success in reducing gender discrimination as a barrier to entry into women entrepreneurship, 34% of the sampled women business owners agreed in some cases with this statement. Sixteen percent and 18% of the women disagreed and strongly agreed respectively. On the opposite side of the scale (agreeing side), 10% strongly agreed, while 22% agreed that the government is successfully dealing with the issue of gender discrimination in the small business sector.

### **Access to technology**

The majority (46%) of the sampled women small business owners agreed in some cases that the government is assisting them in reducing the burden of access to technology during the start up phase of their businesses. Twenty six percent strongly disagree while 12% disagreed. Two percent strongly agree and 14% agreed that the government is successfully reducing access to technology as a barrier to women small business enterprises. The fact that the majority of the sampled women agreed in some cases could possibly be explained by the fact that most women businesses has remained in the periphery of the national economy (Tillmar, 2007:89; Morgan and Ojo, 2008:3). Examples of some of these businesses are sewing and craft, just to mention a few. Due to the nature of these businesses, not much technology is required to operate them.

## **Business premises**

Thirty four point seven percent (34.7%) of the women entrepreneurs disagree that the government is successful in reducing the burden of access to business premises in women entrepreneurship, while 14.3% strongly disagree. 28.6% of the women entrepreneurs agreed in some cases. Ten point two percent of the women strongly agreed while 12.2% agreed that the government is assisting with the provision of business premises for women who wish to establish small businesses. The majority (49%) of the women entrepreneurs are of the view that the government is not supportive with the provision of business premises.

From the information gathered under research objective two, it can be concluded that the government is not successful in reducing most of the barriers to entry into women entrepreneurship. These barriers are; access to finance, lack of informational support, and entrepreneurial training. In order for the government to reduce networking as an obstacle, the government's role would be to encourage women to network, but the responsibility of creating and maintaining those business ties lies with the entrepreneur. It was also deduced that lack of profitable markets, per se, is not a barrier for women who aspire to become entrepreneurs. The actual challenge is the identification of a profitable and sustainable market through market research. For access to technology, the majority agreed in some cases that it is an obstacle for women who want to establish small business. With regard to gender discrimination, it can be concluded that the government is making progress.

### **6.7.3 Research objective three**

**The third research objective is to establish whether women entrepreneurs are aware of government initiatives which are targeting them.**

To address this objective, the following issues were investigated; awareness of government support programmes, how the respondents became aware of such programmes, whether they benefited from such programmes and whether those who benefited from the programmes received good service or not. Lastly, an evaluation was made of the impact of these programmes on the women who benefited from them.

### **Awareness of government support programmes**

In Question 26 of the questionnaire, the researcher wanted to establish whether women are aware of the government support programmes that are targeting them. The findings are displayed in table 6.20 below.

**Table 6.20: Awareness of government support programmes**

Awareness of government support programmes	Frequency	Percent	Cumulative Percent
Yes	10	20.0	20.0
No	40	80.0	100.0
Total	50	100.0	

According to the results displayed in table 6.20 above, the majority (80%) of the respondents revealed that they are not aware of any government programmes that support women in the small business sector. Twenty percent of the respondents were aware of government support programmes. In order to assess whether there is a statistical difference between the expected and the observed score and whether the difference was caused by a chance or not, the Chi square test was used.

#### **6.7.3.1 The Chi – square test: Awareness of government support programmes.**

In order to carry out the chi square test on awareness of government support by women entrepreneurs, the following hypotheses were formulated.

H<sub>0</sub>: Women entrepreneurs are aware of the available government support programmes.

H<sub>1</sub>: Women entrepreneurs are not aware of the available government support programmes.

**Table 6.21: The Chi square test: Awareness of government support programmes**

Awareness of government support programmes	
Chi-square	18.000 <sup>a</sup>
df	1
Asymp. Sig.	.000

At 5% significance level ( $\alpha = 0.05$ ), the null hypothesis is rejected and the alternative hypothesis is accepted. In this case, the null hypothesis is rejected because the p-value is less than 0.05 and the alternative hypothesis is accepted. This, therefore, implies that the sampled women are not aware of government support programmes.

This next section (Source of information on government support) further investigates the women who indicated that they are aware of government support. According to table 6.20, there are only ten women entrepreneurs ( $n = 10$ ).

**Source of information on government support**

Table 6.21 represents the findings of question 27. The table displays the sources of information that were used by the women entrepreneurs who revealed that they are aware of the government support programmes. The participants were given an option to select more than one source of information.

**Table 6.22: Sources of information on government support**

Sources of government support programmes <sup>a</sup>		Responses		Percent of Cases
		n	Percent	
	Business associates	4	22.2%	44.4%
	Relatives / friends	4	22.2%	44.4%
	Other women entrepreneurs	4	22.2%	44.4%
	Media (press, television, radio)	6	33.3%	66.7%
Total		18	100.0%	200.0%

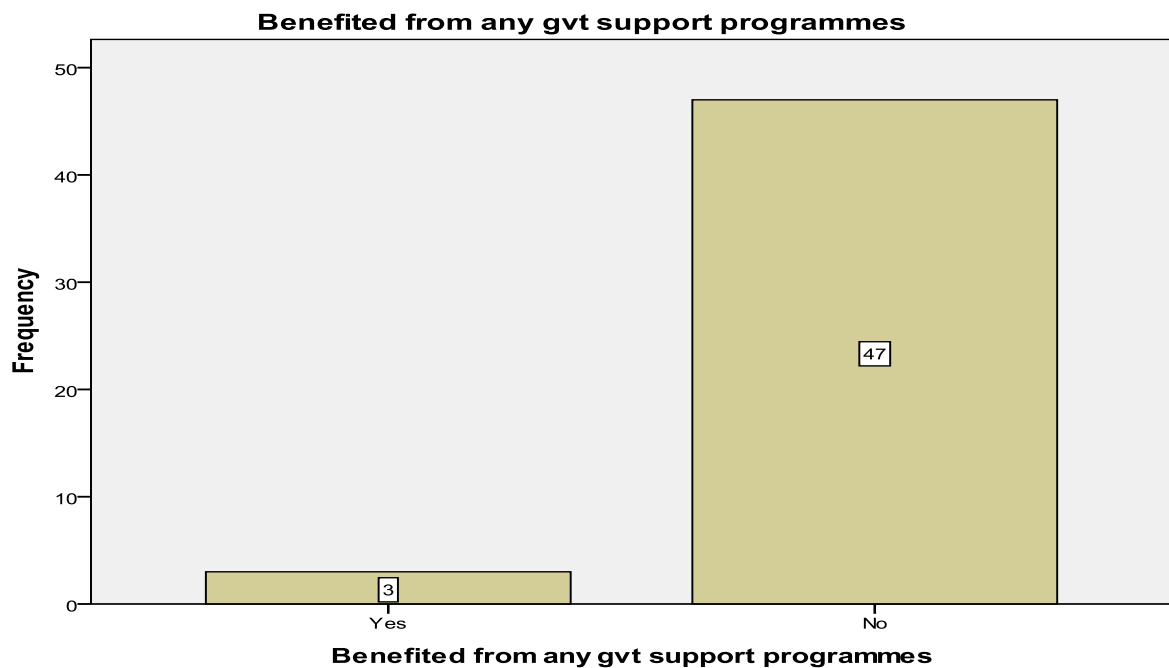
a. Dichotomy group tabulated at value 1.



Table 6.22 illustrates that 33.3% of the women entrepreneurs were informed about the government support programmes through the media, 22.2% of the women used business associates, relatives/friends and other women entrepreneurs as sources of information on government support.

**Benefited from government support programmes**

Figure 6.7 displays the findings of question 28 which established the number of women who managed to benefit from government support programmes.



**Figure 6.7: Benefited from government support**

According to figure 6.7, the majority (94%) of the sampled women entrepreneurs did not receive any form of government support. Only 6% of the sampled women entrepreneurs received government support. The racial composition of the three women was two whites and one black woman.

**Type of assistance received**

Question 29 established the type or form of assistance that the **three** women entrepreneurs received from the government. The first entrepreneur received capital, the second entrepreneur received training and the last entrepreneur received business advice.

### **Satisfied with the quality of service**

Question 30 further investigated whether the above three entrepreneurs were satisfied with the quality of service that they received from the government support programmes. Two out of the three women entrepreneurs were not satisfied with the quality of service received. One of the reasons cited was late payment by government departments for services rendered. The other women entrepreneur who received start up capital commented that:

*“Getting the small business loan was an ordeal for me”.*

### **Impact on business operations**

With regard to the impact of government support on the business operations, all three women small business owners agreed that there was indeed a positive impact in terms of business growth. The fact that only three women out of fifty women entrepreneurs sampled, benefited from government support, does not paint a good picture of the government support towards women entrepreneurs. A question that may be posed is therefore, who is benefiting from the available government initiatives considering the number of years since the White Paper on Small Businesses was developed? Yet, all the three women entrepreneurs pointed out that there was a positive impact on their small businesses as a result of the government initiative. If a significant number of women had benefited from these support programmes, it means that the growth of women businesses could have reached a much higher level of development. Notwithstanding the fact that only one out of the three women was satisfied with the type of service received, the bottom line in this case is that government support for women owned small businesses can make a positive impact on business growth and success.

#### **6.7.4 Research objective four**

**The fourth research objective is to establish whether the government is providing adequate support to women entrepreneurs.**

Objective four was designed to establish whether women entrepreneurs are receiving adequate support from the government. The results are presented in table 6.23 below.

**Table 6.23: Is government providing adequate support to women entrepreneurs?**

Is government providing adequate support to women entrepreneurs?	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	9	18.0	19.1	19.1
No	38	76.0	80.9	100.0
Total	47	94.0	100.0	
Missing System	3	6.0		
Total	50	100.0		

Table 6.23 displays the perceptions of women on whether the government is providing adequate support to them. The majority (76%) of the women entrepreneurs are of the view that the government is not providing adequate support to them. Eighteen percent of the women believe that the government is providing adequate support towards women entrepreneurship. Contrary, the majority (66.67%) of experts are of the opinion that the government is providing adequate support for women entrepreneurship. The minority (33.33%) points that the government is not providing adequate support.

Table 6.24 below displays the main reasons that were cited by the women entrepreneurs as to why they view the government as not providing adequate support.

**Table 6.24: Reasons for not providing adequate support: Views from women entrepreneurs**

Reasons why the government is failing to provide adequate support	Frequency
Women are encouraged but not taken serious, men have an upper hand in everything.	9
The government is not looking after us, never received any form of support	4
Government should provide more capital, entrepreneurial education and awareness of its programmes	3

In addition to the reasons displayed in table 6.24 above, some of the comments from the sampled women are displayed below:

*“I have been in business for 5 years and I have never received any form of support. I don’t even know whether they are willing to assist”.*

*“Although, there are departments like SEDA, IDC, which are theoretically there to support women entrepreneurs, the process is so long that opportunities are missed in the process of seeking for assistance”.*

*“There is no link between departments in terms of support and guidance”.*

*“Those in relevant offices are not equipped to deal with the challenges that women are facing”.*

The experts believe that the government is providing adequate support because the available programmes are addressing the actual needs of women entrepreneurs although there is room for improvement. Below are some of the comments from the experts in favour of adequate support:

*“The government has created opportunities for women to be part of the small business main stream because there are programmes that have been developed in order to assist them”.*

*“The government could do more with start up capital”.*

*“On a small scale, the government has managed to provide solutions to address issues and challenges”.*

Some of the expert views against this argument are highlighted below:

*“The government initiatives do not address the issue of entrepreneurship”.*

*“The government initiatives are not based on empirical research. Most of the government employees dealing with women entrepreneurs are incompetent”.*

Based on the information discussed under objective four above, it can be concluded that women entrepreneurs are not receiving adequate support from the government because the

available programmes are failing to address their needs. While the experts had different views concerning this, one key issue that they mentioned was that, there is indeed room for improvement on the government's part. The way forward, could be for the government to go back to the drawing board and find out the loopholes that exist within the current programmes. This process could be strengthened by including views of all the stakeholders and to base their decisions on empirical research.

### 6.7.5 Research objective five

#### **The fifth research objective is to identify the factors which are preventing women entrepreneurs from benefiting fully from the available government initiatives**

The goal of objective five is to identify the reasons why women entrepreneurs are failing to benefit fully from the available government initiatives.

The responses from question 32 of the women questionnaire are displayed in table 6.25 below.

**Table 6.25: Reasons why women are failing to benefit from support programmes**

Reasons for failing to benefit from government assistance programmes	Frequency	Percent	Valid Percent	Cumulative Percent
Lack of awareness	32	64.0	72.7	72.7
Other reasons	12	24.0	27.3	100.0
Total	44	88.0	100.0	
Missing System	6	12.0		
Total	50	100.0		

The main reason cited by the respondents concerning failure by women entrepreneurs to benefit from government support is lack of awareness which represented 64% of the sample. Similarly, 33.3% of the experts cited lack of awareness as a major reason why women are failing to utilize the current initiatives. Since lack of awareness has been cited as a major

reason for failure by women to benefit from government support, the government should address this challenge by making sure that its programmes are known by the intended beneficiaries. It is pointless to develop programmes without informing the targeted beneficiaries as this makes the whole process incomplete. This could also be ascribed to the lack of correct skills and capacity of the government department employees to transform government policy from theory into the expected delivery mode.

Twenty four percent (24%) of the respondents cited other reasons why women entrepreneurs are failing to benefit fully from the available government programmes that support women entrepreneurs. The reasons are listed in table 6.26 below:

**Table 6.26: Other reasons why women entrepreneurs are failing to benefit from support programmes**

Reasons for failing to benefit from government programmes	Frequency
The process of accessing government support programmes is not user friendly	1
Lack of self confidence by women entrepreneurs to approach relevant departments	1
Government offices which support women in the small business sector are not well represented in most areas of the country (especially in rural areas)	4
Women are not searching for the available information on government support programmes	2
Poor quality of education which limits the ability of women to search for information	4
The department is manned by incompetent government staff who are corrupt	2

The experts on the other hand argued that “true” entrepreneurs who possess the right characteristics must be resourceful. This implies that they must have the ability to search for information in order to make informed decisions which assumes moderate risks. If women are resourceful, lack of awareness would not be cited as a major challenge that is prohibiting women from accessing the available programmes.

In as far as the outcome of objective four is concerned, the conclusion is twofold. The first outcome is for the government to put their “house” in order. This could be achieved by making their programmes known to the targeted population, upgrading the skills of their

employees, dealing with corruption and making their support programmes accessible to the women entrepreneurs. One way of making their programmes accessible could be by making use of mobile offices where there are no “physical” offices. This could be beneficial to the government in terms of lowering costs and that the mobile employees would also have the opportunity of gathering the views of the women entrepreneurs as they move from place to place, and improve the decision-making process. The second outcome is based on the women entrepreneurs themselves in that they need to fulfil their part by being resourceful. Women entrepreneurs should possess the hunger for information and knowledge about entrepreneurship. The more they know what is available to them, the more they would want to make suggestions on ways of improving these programmes.

#### 6.7.6 Research objective six

**The last research objective of the study is to evaluate women entrepreneurs’ perceptions on their contribution to the small business sector.**

The goal of objective six was to explore the views of women entrepreneurs regarding their contribution towards the small business sector. The results are displayed in table in table 6.27 below.

**Table 6.27: Women entrepreneurs’ perceptions on their contribution towards the small business sector**

Does the government value the contribution of women in the small business sector?	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	18	36.0	37.5	37.5
No	30	60.0	62.5	100.0
Total	48	96.0	100.0	
Missing System	2	4.0		
Total	50	100.0		

The results in table 6.27 above reveal that the majority (60%) of the sampled women small business owners believed that the government does not value the contribution of women in the small business sector. Thirty six percent of the women believe that the government values women’s contribution in the small business sector. Contrary to this, the majority (83.33%) of the experts share the opinion that the government considers the contribution of women in the small business sector as important.

The major reasons why women view the government as not taking them seriously are reflected in table 6.28.

**Table 6.28: Women entrepreneurs’ perceptions on why the government is not taking them seriously**

Reasons	Frequency
The policy was established, but it is lacking on implementation.	5
Traditionally, women are taken as caregivers in the family and therefore they are not taken seriously when they want to start business	3

Apart from the reasons cited in table 6.28 above, some of the comments from the women and one expert (16.67%) who are of the opinion that the government is not serious with promoting women in the small business sector are as follows:

*“Women entrepreneurs are not recognized as significant contributors in the small businesses sector. At a recent business conference that I attended, all the panels were males”.*

*“Women are normally regarded as risk averse and yet starting small businesses require people who are risk takers. Hence the government focuses on men because they are regarded as risk takers”*

*“People still undermine women in small businesses, for example, banks do not take women seriously”*

*“Apart from this, there is a negative perception that only white businesses can deliver”.*



*“If the government was serious, probably a number of talented craft women would have developed by now”.*

One expert commented that:

*“The government is lacking on monitoring and evaluation of these programmes”*

Tables 6.29 and 6.30 present some of the views from the minority women (36%) and the experts who believe that the government values the contribution of women entrepreneurs in the small business sector as important.

**Table 6.29: Government values the contribution of women entrepreneurs: Views from minority women entrepreneurs**

Views from women entrepreneurs	Frequency
More women are running small businesses now than before.	3
South Africa is fortunate because the government is not gender biased. The government does not discriminate against women and the government has made it clear in their policies.	2
The government is trying; it requires a combined effort from the government and women in the small business sector.	1

**Table 6.30: Government values the contribution of women entrepreneurs: Views from the experts**

Views from the experts	Frequency
The fact that the government has shown commitment with the establishment of the 1995 White Paper on Small Business Development is evidence that the government is serious about women.	1
Numerous programmes are there to support women entrepreneurs for example, preferential treatment on tenders, SAWEN and the available funding for women.	2

Although the majority of women entrepreneurs believed that the government does not value their contribution as important in the small businesses sector, it can be concluded that the government is indeed making progress with regard to stimulating women entrepreneurs in this country. The fact that the government has shown commitment with the establishment of the 1995 White Paper on small business development is evidence that the government is serious about promoting women entrepreneurs. Apart from this, programmes have been developed in support of this important cause. The way forward would be for the government to strengthen their support programmes so that more people would benefit from them. This could be achieved by creating awareness of the available programmes through various means, such as advertising via different platforms. The fact that the government is supporting women entrepreneurs and yet women are of the opinion that the government is not providing adequate support implies that there is a gap that needs to be bridged between the two. At the same time, women small business owners should “attach” value to their businesses so that every citizen in this country would view or perceive them positively. Thus, attaching value to their businesses could be displayed in many ways, such as operating businesses that grow and mature into the next category of business classification (large businesses). Women should not see small businesses as a “part time” affair that keeps them occupied or just for additional income purposes only. Women should look up to successful women, who are operating large corporations like Pamela Golding (Pam Golding Properties) and the prominent Durban designer, Lindiwe Khuzwayo (Lindiwe Khuzwayo Academy of Fashion), just to mention a few and follow their footsteps. If more women were operating successful businesses, the government could not afford to ignore them.

## **6.8 Conclusion**

In conclusion, this chapter presented and discussed the findings of the study. The background information of the sampled women was presented. The major salient characteristics of the sampled women were that the majority were between the ages of 30 – 39 years. The sample was dominated by white women entrepreneurs. Most of the women entrepreneurs had a post school (Matric) qualification which was a positive finding because the literature shows that tertiary education increases the durability and the success of any

entrepreneurial activity. The majority of the women had previous working experience which was related to the businesses that they are currently operating.

With regards to the profile of the business, most businesses were established within the last three years of the period being investigated (between 2006 and 2009). This could indicate more women are starting small enterprises as compared to the period before 2005. The majority of these businesses were registered as Close Corporations, while the rest operated as sole proprietorship. Most of the small businesses were found in the retail and service industry.

**Research objective one: To investigate the barriers to entry into women entrepreneurship.**

For research objective one, the goals of the researcher were two fold. Firstly, the women entrepreneurs' own experiences of the barriers to entry and their coping strategies were investigated. Secondly, the women entrepreneurs were allowed to give their own perceptions of how the obstacles to the small business sector affect women in general. The findings with regards to women's own experiences revealed that the majority used a combination of personal savings and other sources of funding such as family savings, bank loan and loan from family to establish their small businesses. Since access to capital is a major barrier for most women, the sampled women adopted strategies for dealing with this challenge. The most used strategy was that of starting the business with minimal resources "starting small" and then expanded with time when the resources permitted the owner to do so. The results also revealed that the majority of the sampled women did not experience challenges of securing business premises. These findings could, however, be explained by the current global economic recession which forced many businesses to close down their operations, leaving many vacant office spaces in malls and other industrial areas. With regards to access to reliable labour, the majority of the women did not experience this challenge. This could also be due to the current economic hardships which left many people jobless.

With regards to women's perceptions on the general barriers to entry, the findings revealed that women entrepreneurs are still experiencing a lot of barriers to entry into entrepreneurship such as, access to finance, lack of entrepreneurial training, lack of information, access to business networks, lack of confidence, gender and discrimination, just to mention a few. To the contrary, expert opinion revealed that while women experience challenges in entrepreneurship, some of these obstacles cannot be regarded as actual barriers. For example, the majority of experts argued that start up capital is available. What is lacking are business ideas that are capable of attracting finance. With regards to access to business networks, some of the experts argued that the responsibility of networking lies with the entrepreneur. The government can only encourage entrepreneurs to develop sustainable business networks. With profitable markets as a barrier to women entrepreneurship, the findings revealed that women lack the ability to search for sustainable markets and training women on how to do market research could help a lot of women.

The results of the Kruskal Wallis test disclosed that women face the same barriers to entry regardless of their race with the exception of access to technology. These findings imply that women experience the same barriers to entry across different racial groups, but the degree at which these women encounter these challenges could be different. The Kruskal Wallis test also revealed that the barriers to entry are the same across the different educational levels of the business owner. This implies that, barriers to entry do not differ significantly with regard to the educational background of women entrepreneurs.

**Research objective two: To find out whether the current initiatives are helping female entrepreneurs to overcome some of the barriers that they are facing when they establish small businesses**

The aim of objective two was to explore the perceptions of women entrepreneurs with regard to whether the current initiatives are helping them to overcome some of the barriers that they are experiencing in the small business sector. The findings revealed that as of now, the government has not been successful in reducing most of the barriers to entry. The only barrier that the government is making progress in dealing with is gender discrimination. This is

attributed to the fact that the government has stated categorically in their policies that women should not be discriminated against on the basis of gender in this country.

**Research objective three: To establish whether women entrepreneurs are aware of government initiatives which are targeting them?**

Under objective three, awareness of government support programmes, how the respondents became aware of such programmes, whether they benefited from the programmes and whether those who benefited from the programmes received good service or not were investigated. Lastly, an assessment of the impact of government programmes on business performance was done. The empirical findings revealed that women are not aware of any government programmes that support women in the small business sector. As a result of this, only three out of fifty women benefited from government support programmes. These three women received capital, training and business advice respectively. Two out of the three women entrepreneurs were not satisfied with the quality of service received from accessing these government programmes, while the other woman was satisfied with the service. All three women entrepreneurs pointed out that there was a positive impact of their small business performance as a result of accessing the government programmes. This implies that if more women could access government programmes, women entrepreneurship in this country would move to a higher level.

**Research objective four: To establish whether the government is providing adequate support towards women entrepreneurship.**

This objective was designed to establish whether women entrepreneurs are receiving adequate support from the government. The majority of the women entrepreneurs are of the view that the government is not providing adequate support. This is due to the fact that the available programmes are failing to address the actual needs of women operating small businesses. To the contrary, the experts are of the opinion that the government is providing adequate support for women entrepreneurship because, they believe that the government has created opportunities (a significant number of programmes) for women to be part of the small business main stream.

**Research objective five: To identify the factors that are preventing women entrepreneurs from benefiting fully from the available government initiatives.**

The goal of objective five was to identify the reasons why women entrepreneurs are failing to benefit fully from the available government initiatives. The main reason cited by the respondents was lack of awareness of the available programmes. The experts on the other hand argued that a “true” entrepreneur who possesses the right characteristics must be resourceful. This implies that she must have the ability to search for information in order to make informed decisions which assumes moderate risks. If women are resourceful, lack of awareness would not be cited as a major challenge that is prohibiting women from accessing the available programmes.

**Research objective six: To evaluate women entrepreneurs’ perceptions to their contribution to the small business sector.**

The goal of objective six was to explore the views of women entrepreneurs regarding their contribution towards the small business sector. Although the majority of women entrepreneurs believed that the government does not value their contribution as important in the small businesses sector, it can be concluded that the government is serious about promoting women entrepreneurs in this country. The government values the contribution of women as equally important. The fact that the government has shown commitment with the establishment of the 1995 White Paper on Small Business Development is enough evidence that the government is serious about promoting women entrepreneurs. In addition to this, programmes have been developed in support of this worthy cause.

This chapter presented and discussed the empirical findings of the study; the following chapter (chapter seven) will wrap up the study by providing a summary of the study. In addition to this, the implications of the empirical findings will be presented. Recommendations for future research studies will be discussed together with the limitations of this study.

## **CHAPTER 7**

### **SUMMARY, RECOMMENDATIONS, CAVEATS AND SUGGESTIONS FOR FURTHER RESEARCH**

This chapter summarises the research findings and provides conclusions and policy implications for government initiatives that were designed to promote women entrepreneurship in South Africa.

#### **7.1 Summary**

The overall objective of this study was to review government initiatives that are designed to stimulate women entrepreneurship in South Africa from 1995 to 2009. The study reviewed literature relating to women entrepreneurship using a funnel approach and it made special reference to two critical issues. The first critical area covered the barriers to entry into entrepreneurship, where the general barriers that affect all entrepreneurs regardless of gender were discussed. Thereafter, gender specific barriers to entry that affect women entrepreneurs were reviewed, highlighting the gender sensitivity that is inherent in these peculiar challenges. A review of barriers to entry was crucial on the premise that successful government initiatives should be founded or based on challenges that women in particular experience in the small business sector. The second critical area focused on how the governments of South Africa, Botswana, Ghana and the United States of America are stimulating women entrepreneurship in their respective countries. This was crucial because it provided background information on how the current programmes in South Africa could be improved. Conducting research on how other countries are encouraging women entrepreneurship was a key item mentioned in the 1995 White Paper on Small Business Development. The South African government expressed interest in borrowing constructive ideas from other countries that would add value to the South African context.

A questionnaire based survey conducted among two different samples was used for the primary data collection. The two samples comprised women entrepreneurs and experts in the field of entrepreneurship. This was done to incorporate different views in the study. Due to the fact that the topic was both exploratory and descriptive in nature, qualitative and quantitative data was collected. Content analysis was used for data analysis. In addition to this, the Kruskal Wallis and Chi square tests were used in order to complement content analysis.

The study examined the barriers to entry into women entrepreneurship. The findings revealed that women entrepreneurs are still experiencing a multiplicity of barriers to entry into the small business sector. Some of these barriers are; access to finance, lack of information, and lack of entrepreneurial training, access to business premises, lack of self confidence, lack of managerial skills, access to technology and access to business networks just to mention a few. The Kruskal Wallis test revealed that barriers to entry into women entrepreneurship are not influenced by race of the entrepreneur. This implies that barriers to entry into the small business sector are similar across different racial groups. Although all women experience similar barriers, it could be argued that the degrees at which they experience these barriers are different. The Kruskal Wallis test also revealed that the educational level of the entrepreneur does not make any major difference in terms of how women experience the barriers to entry. Although, the findings revealed this, it is important not to undermine the fact that education lays a strong foundation for the establishment of successful small businesses. In addition to this, education increases opportunities for individuals. One can also argue that the burden of some challenges can be reduced with education. For example, the ability to search and access information is improved with education.

With regard to whether the current government initiatives are assisting women to overcome some of the barriers that they encounter when they start up small businesses, the results revealed that the current programmes are not addressing most of these challenges. The empirical research findings also revealed that the government is not providing adequate support towards women entrepreneurship. Based on the findings of this study, it was also established that lack of awareness of the available programmes was a major issue that was



preventing women from benefiting fully from the available government programmes. The findings also revealed that women perceive the government as not attaching any value towards their contribution into the small business sector.

## **7.2 Implications and Recommendations**

Based on the findings of this study, it can be recommended that the government should set up a small business research foundation with a mandate of carrying out on-going research on SMMEs in this country. Among other critical issues, the research foundation should establish a small business database. In addition to this, priority should be given to the evaluation and monitoring of the impact of current government initiatives on the small business sector. Within this foundation, there should be departments which focus on the different categories of the small business sector (such as women, men and the youth and the physically challenged individuals) who wish to establish small businesses. Understanding the challenges that each of these groups encounter in entrepreneurship would assist in the formulation of policies and programmes that would indeed address the real challenges of an entrepreneur in this country. In addition to this, it is critical for the research foundation to understand the post start up challenges and design policies that would cater for such challenges. Different sectors of the small business sector should also be considered with regards to their unique challenges, for example the manufacturing, mining and construction industries.

Women should not be treated as a monolithic as well as a homogeneous group. Women entrepreneurs are an extremely diverse and complex group with varied backgrounds, circumstances and worldviews. For example, women in the rural areas have their own specific needs, which are different from women in the urban areas. Therefore, it is important that the government understands and be able to apply this knowledge in designing policies and programmes that are related to women within the small business sector.

With regards to finance as a barrier to women entrepreneurs, the government should at least work towards setting aside some funding specifically to assist women who would like to

establish small businesses. Stringent measures should be put in place in order to avoid abusing this funding through corruption. Ordinary people should be the ones benefiting from it. One way of achieving this is through the establishment of committees that would be responsible for approving funding for entrepreneurs. This committee should be made of people from diverse backgrounds such that it would be difficult for shoddy business plans to get funding. Collateral is also a major challenge for women who apply for loans through financial institutions. The government could assist by providing collateral to women through guarantees.

Due to the fact that the majority of women are not aware of the programmes targeting them, it implies that the government should make it a priority that its programmes are known by all women. Various awareness campaigns could be conducted such as advertising through different types of media such as the radio and television. It is important to highlight that advertising should be done in different languages.

The findings of the research study revealed that the majority of the women small businesses were owned by whites. This could imply that it is still difficult for the women from the other racial groups to establish small businesses. And yet, one of the objectives of the 1995 White Paper on Small Business Development was to encourage the former disadvantaged women to establish small businesses. Therefore, these findings indicate that the government has made little progress in this regard. The way forward would be for the government to increase its effort in making sure that this objective is achieved as women can be regarded as one of the vulnerable groups within the society in terms of poverty. Assisting women to improve their livelihood would have ripple effects in their families as well. For example, standards of living improve and, children would get access to education. In addition to this, all women regardless of their racial backgrounds, should be in a position to access and benefit from government entrepreneurial support programmes, although, former disadvantaged women should be given preference.

The government should take a strong stance on corruption as it was a major issue raised by women entrepreneurs, especially in the tendering process. Individuals who are engaging in corrupt activities should be brought to book and they should be punished heavily. In addition to this, skills development was also a cause for concern among women entrepreneurs. The challenge is that when they seek assistance from the departments that offers assistance programmes, the staff do not fully understand their responsibilities to the extent that women are referred from one department to the other due to lack of competences by some people employed in these departments.

Establishment of one stop shops would go a long way in assisting women in accessing government programmes, as their problems would be solved under one roof. Establishing one stop shops could yield positive results if the system would be able to identify innovative business ideas that can be transformed into viable businesses. When this happens, the system could then provide support in nurturing and developing these ideas for a reasonable time until these businesses ventures become profitable and sustainable. With regard to entrepreneurial training, the training programmes should be continuously developed so that they would be able to address the continuously changing needs of an entrepreneur.

Lastly, the institutions that support the small business sector such as SEDA should continue to find ways of dealing with the challenges that entrepreneurs are facing. In other words, they should update their product offering on a regular basis and keep them in line with the current needs of the small business owners. For example, training entrepreneurs to write winning business plans that are capable of attracting funding is very crucial for the development of the small business sector in this country.

### **7.3 Caveats and suggestions for further research**

While this study provided an insight into government initiatives that are designed to stimulate women entrepreneurship in South Africa during 1995 to 2009, it also had some limitations

that need to be considered with regards to the interpretation of the results. Some of these limitations are highlighted below.

### **7.3.1 Lack of resources**

Although, the study was evaluating government initiatives on women entrepreneurship development in South Africa, the research data was collected in Pietermaritzburg, KwaZulu Natal. It could be recommended that similar research studies could be carried out in other parts of the country.

### **7.3.2 Sampling technique**

The scope of the study was also limited due to the sampling technique as well as the sample size which was reasonably small. The sampling technique used (snow ball approach) is a non probability sampling technique and it has a weakness in that the results may be biased due to the referral system that is used in identifying the next respondent. As a result of this, the findings of this research cannot be generalized to the overall population. However, the results of this research provided a stepping stone for future research on this subject. For further research studies, possibly a probability sampling technique could be used. This could be difficult as there is no reliable data base of entrepreneurs in South Africa, let alone women small business owners.

A similar study could also be carried out on all entrepreneurs in general in order to investigate whether the government initiatives are reaching the targeted audience. Thereafter, a comparative analysis could be done to assess whether there is a significant difference in terms of how men and women are accessing government support programmes. An investigation on the quality of service rendered by government departments that are supporting the small business sector could assist the government to find areas for improvement within the entire policy framework for this sector.

This study focused mainly on women in the small business category, future research could possibly investigate the other small business categories or classifications such as micro and medium enterprises. Other suggestions for future research could be to carry out a comparative study of the barriers to entry which includes both men and women. Under the same note, different sectors such as tourism, construction and engineering may be included in order to gain more insight into the sectorial uniqueness and diversity that exists within the small business sector. In addition to this, different locations could be investigated separately, as barriers to entry into the small business sector differs with location. For example, entrepreneurs operating in rural and semi urban environments experience these challenges in a differently from those operating in up market malls.

Lastly, different countries other than those selected by the researcher (Botswana, Ghana and the USA) could probably be an area for future research. This could possibly add a different dimension or angle to the field of study. Eventually, the ultimate aim would be to continue to add knowledge to the already existing literature on women entrepreneurs, especially in the African context.

#### **7.4 Conclusion**

This final chapter provided a summary, recommendations, caveats and suggestions for further research on this subject. Apart from the conclusive nature of this chapter, it also emphasized the importance of the need for pursuing excellence in research and establishing an orientation towards on going research in future.

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## APPENDICES

### Appendix A: Letter of Informed Consent

I Evelyn Derera, am a student currently registered for Master of Commerce in Entrepreneurship at the Pietermaritzburg Campus of the University of KwaZulu Natal (UKZN). A requirement of the degree is a thesis and I have chosen the following topic:

**“A review of government initiatives to stimulate women entrepreneurship in South Africa: 1995 - 2009”.**

Please note that this investigation is being conducted in my personal capacity and does not reflect any plans to harm the reputation of any individual. My contact details are as follows:

Cell: +27 33 260 5781

Email: [dererae@ukzn.ac.za](mailto:dererae@ukzn.ac.za) or [ederera1@gmail.com](mailto:ederera1@gmail.com)

My academic supervisor is Professor R. C. O’Neill. He is based at the School of Management on the Pietermaritzburg Campus. His contact details are as follows:

Phone: +27 33 260 5223 (during office hours)

Email: [oneillc@ukzn.ac.za](mailto:oneillc@ukzn.ac.za)

The purpose of this study is to review of the impact of government initiatives to stimulate female entrepreneurship in selected countries and South Africa in particular during the period 1995 – 2009”. Information gathered in this study will include data collected from questionnaires and I would require you to fill out one. Please note that your name or that of the company that you represent will not be included in the report. Information gathered from this questionnaire will be used strictly for my studies and will be kept private and

confidential. In other words, the information will only be seen by my supervisor, the examiner and myself and it will not be shared with anyone else.

Your anonymity and confidentiality is of utmost importance and will be maintained throughout the study. Your participation in completing the questionnaire is completely voluntary and you are in no way forced to complete the questionnaire. You have the right to withdraw at any time during the study.

I appreciate the time and effort it would take you to participate in this study. I would be very grateful to your participation as it would not only enable me to complete my thesis and degree but would also help me to get a deeper understanding into the impact of government initiatives to stimulate female entrepreneurship in South Africa.

**Please complete the section below:**

I ..... (Full names of the participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I understand that I am at liberty to withdraw from the project at any time, should I desire.

Signature of Participant .....

Date .....

**THANK YOU!**

## Appendix B: Questionnaire: Women Entrepreneurs

### Section A: Respondent Information

1. What is your age (Tick applicable)

1. Below 20	2. 20 - 29	3. 30 - 39	4. 40 - 49	5. 50 - 59	6. Above 60

2. What is your race (Tick applicable)

1. Black	2. White	3. Indians	4. Coloured

3. What is your marital status (Tick applicable)

1. Single	2. Married	3. Widowed	4. Never married	5. Divorced

4. What is your highest qualification?

Level of education	Tick applicable
1. No formal education	
2. Primary school certificate	
3. Secondary school certificate (Standard 10)	
4. High school certificate (Matric)	
5. Certificate	
6. Diploma	
7. Bachelor's degree	
8. Master's degree	
9. Ph Degree	

5. Is your educational background related to the business that you are currently doing?  
(Tick applicable)

1. Yes	2. No
--------	-------



6. Have you ever worked for another company before? (Tick applicable)

1. Yes	2. No
--------	-------

7. Is your work experience related to the type of business that you are doing? (Tick applicable)

1. Yes	2. No
--------	-------

<b>Section B: Business Profile</b>
------------------------------------

8. When did you establish your business? Please indicate year .....

9. What type of business ownership do you have? (Tick applicable)

1. Not registered	2. Close Corporation	3. Limited company	4. Non profit organisation	5. Any other (specify)

10. What type of business are you operating?

Type of industry	Tick applicable
1. Retail	
2. Service	
3. Manufacturing	
4. Construction & engineering	
5. Other (specify) ..... .....	

**Section C: Motivation for starting the small business**

11. What motivated you to start up your own business? (you may tick more than one answer)

Motivation	Tick applicable
1. Wanted additional income	
2. Was not employed	
3. Did not want to work for others	
4. Desire for control and freedom	
5. To make my own decisions	
6. Social status (recognition in society)	
7. Self-achievement	
8. Difficult to balance corporate career and family life	
9. To provide for my family	
10. To survive financially	
11. Any other reason (specify) .....	

**Section D: Barriers To Entry**

12. Where did you get capital to start up your business? (Tick applicable)

1. personal savings	2. family savings	3. loan from family/ friend	4. loan from bank	5. Any other sources (specify)
				.....

13. Was your start up capital sufficient to start up your business? (Tick applicable)

1. Yes	2. No
--------	-------

14. If NO, how did you manage to get your business up and running? (Please explain)

.....  
.....  
.....

15. Was it difficult to find business premises for your business? (Tick applicable)

1. Yes	2. No
--------	-------

16. If YES, how did you overcome this problem of finding business premises? (Please explain)

.....  
.....  
.....

17. Was it difficult to find the right labour for your business during the start up period? (Tick applicable)

1. Yes	2. No
--------	-------

18. If YES, how did you manage to find the right employees for your business? (Please explain)

.....  
.....  
.....  
.....

19. To what extent do you agree or disagree that the following factors are discouraging women to start up small businesses.

<b><u>5 – Point scale</u></b>					
<b>1= strongly agree; 2 = agree; 3 = agree in some cases; 4 = do not agree; 5 = strongly disagree</b>					
<b>Barrier to entry</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1. Access to finance					
2. Lack of information / advice on how to start an enterprise					
3. Access to business networks					
4. Lack of entrepreneurial training					
5. Lack of profitable markets					
6. Gender discrimination					
7. Access to business premises					
8. Access to technology					
9. Finding the right employees					
10. Lack of self confidence					
11. Awareness & access to business support					
12. Lack of management skills					
13. Business registration process					
14. Any other factor (please specify)					
Barrier to entry	1	2	3	4	5

20. To what extent do you agree or disagree that the government is successful in reducing the following barriers to women entrepreneurship

<b>5 – Point scale</b>					
<b>1= Strongly agree; 2 = Agree; 3 = Agree in some cases; 4 = Do not agree; 5 = Strongly disagree</b>					
<b>Barrier to entry</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1. Access to finance					
2. Lack of information / advice on how to start an enterprise					
3. Access to business networks					
4. Lack of entrepreneurial training					
5. Lack of profitable markets					
6. Gender discrimination					
7. Access to technology					
8. Access to business premises					
9. Any other factor (please specify)					
Barrier to entry	1	2	3	4	5

21. What informational needs do you require for your business to be successful?

Type of information required	Tick applicable
1. Available capital resources for business start ups	
2. Marketing information	
3. Information on government support	
4. Information on training	
5. Information on managing businesses	
6. Information on export markets	
7. Other (specify .....)	

**Section E: Government Support**

22. Are the female entrepreneurs being taken seriously by the South African government?  
(Tick applicable)

1. Yes	2. No
--------	-------

23. Please explain the reason(s) for your answer above (no. 22).

.....  
 .....

24. Is the government doing enough to support female entrepreneurs in South Africa?  
(Tick applicable)

1. Yes	2. No
--------	-------

25. Please explain the reason(s) for your answer above (no. 24).

.....  
 .....

26. Do you know of any government programme that supports female entrepreneurs?  
(Tick applicable)

1. Yes	2. No
--------	-------

27. IF YES, how did you get to know some of the available programmes?

<b>Source of information</b>	<b>Tick applicable</b>
1. Business associates	
2. Relatives / friends	
3. Other women entrepreneurs	
4. Press (e.g. newspapers)	
5. Television	
6. Other (specify ..... .....	

28. Have you benefited from any government programmes that support female entrepreneurs? (Tick applicable)

1. Yes	2. No
--------	-------

29. If YES, indicate the type of assistance that you received from the government? (Tick applicable)

Form of assistance	Tick applicable
1. Capital for the business	
2. Business advice (consultation, mentoring)	
3. Training	
4. Assistance with the provision of premises	
5. Assistance with your business plan	
6. Any other (please specify)	
.....	

30. Were you happy with the service that you received from these government assistance programmes? (Tick applicable)

1. Yes	2. No
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31. Please explain the reason(s) for your answer above (no. 30).

.....

.....

.....

32. In your opinion, why are women failing to benefit from the government assistance programmes? (Please explain)

.....

.....

.....

.....

33. What type of support would you want the government to give you? (you may tick more than one answer)

Type of support	Tick applicable
1. Entrepreneurial training	
2. Business support (mentorship, business plans)	
3. Start up capital	
4. Exporting opportunities	
5. Business networking forums	
6. Any other (please specify) ..... .....	

**Section F: Impact of Government initiatives**

34. Have you received any assistance from the government for starting up your business? (Tick applicable)

1. Yes	2. No
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35. If YES, how did this affect the operations of your business? (Tick applicable)

1. Negative	2. Neutral	3. Positive
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36. Has your business grown since you started it? (Tick applicable)

1. Yes	2. No
--------	-------



37. In what ways has your business grown since you established it?

Business growth variables	Tick applicable
1. Business profits has increased	
2. Have hired more workers	
3. Business sales has increased	
4. Have moved to bigger premises	
5. The business has acquired more assets	
6. Cash flow for the business has improved	
7. Has opened another company	
8. Any other (please specify) ..... ..... .....	

38. On a personal level, how have you and your immediate family benefited from starting a small business?

.....  
 .....  
 .....

39. What are your future plans for your small business?

.....  
 .....  
 .....  
 .....

**Section G: Recommendations**

40. What advice can you give to other aspiring female entrepreneurs?

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.....  
.....

41. What can the government do make women aware of the programmes that support them in the small business sector?

.....  
.....  
.....

42. In your own view, what should the government do to make it easier for women to start up small businesses?

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.....  
.....

43. How can the government improve on promoting female entrepreneurs in this country?

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.....  
.....

44. What are your expectations from the government in terms of empowering women entrepreneurs?

.....  
.....  
.....  
.....  
.....

**Section H: Post Start up barriers**

45. What obstacles are you now facing in running your business? (You can tick more than one answer)

Obstacle	tick
1. No obstacle at all	
2. Combining family and work life	
3. Cash flow problems and other financial problems	
4. No time for training / upgrading skills	
5. Being acceptable as a woman entrepreneur	
6. Business networks	
7. Being a woman/ Gender discrimination)	
8. Low budget for advertising and Public Relations	
9. Other (specify) ..... ..... .....	

THANK YOU!

## Appendix C: Questionnaire: Experts

### Section A: Background Information

1. What is your gender? (Tick applicable)

1. Male	2. Female
---------	-----------

2. What is your highest qualification?

Level of education	Tick applicable
1. Diploma	
2. Bachelor's degree	
3. Master's degree	
4. PhD	
5. Any other (specify)	

3. Please tick the number of years that you have been involved in the small business sector or entrepreneurship?

No. of years	Tick applicable
1. 5 and below	
2. 6 - 10	
3. More than 10	

4. In what capacity are you involved in the small business sector?

Type of involvement	Tick appropriate box(es)
1. Academic	
2. Entrepreneur	
3. Consultant	
4. Work for an institution that support the small business sector	
5. Any other (specify) .....	

**Section B: Government support programmes**

5. Are female entrepreneurs being taken seriously by the government in this country?  
(Tick appropriate box)

1. Yes	2. No
--------	-------

6. Please explain the reason(s) for your answer above (no. 5).

.....

.....

.....

.....

7. Is the government doing enough to support female entrepreneurs in South Africa?  
(Tick appropriate box)

1. Yes	2. No
--------	-------

8. Please explain the reason(s) for your answer above (no. 7).

.....

.....

.....

9. Are female entrepreneurs in this country aware of the available government programmes that support them? (Tick appropriate box)

1. Yes	2. No
--------	-------

10. Please explain the reason(s) for your answer above (no. 9).

.....

.....

11. In your opinion, why are women failing to benefit from the government assistance programmes? (Please explain)

.....  
.....  
.....  
.....

12. How can the government improve on making their support programmes known by the female entrepreneurs?

.....  
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.....

**Section C: Barriers to entry into women entrepreneurship**

13. To what extent do you agree or disagree that the following factors are discouraging women to start up small businesses.

<b><u>5 – Point scale</u></b>					
<b>1= strongly agree; 2 = agree; 3 = agree in some cases; 4 = do not agree; 5 = strongly disagree</b>					
<b>Barrier to entry</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1. Access to finance					
2. Lack of information / advice on how to start an enterprise					
3. Access to business networks					
4. Lack of entrepreneurial training					
5. Lack of profitable markets					
6. Gender discrimination					
7. Access to business premises					
8. Access to technology					
9. Finding the right employees					
10. Lack of self confidence					
11. Awareness & access to business support					
12. Lack of management skills					
13. Business registration process					
14. Any other factor (please specify)					
Barrier to entry	1	2	3	4	5

15. To what extent do you agree or disagree that the government is successful in reducing the following barriers to women entrepreneurship

<b>5 – Point scale</b>					
<b>1= Strongly agree; 2 = Agree; 3 = Agree in some cases; 4 = Do not agree; 5 = Strongly disagree</b>					
<b>Barrier to entry</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1. Access to finance					
2. Lack of information / advice on how to start an enterprise					
3. Access to business networks					
4. Lack of entrepreneurial training					
5. Lack of profitable markets					
6. Gender discrimination					
7. Access to technology					
8. Access to business premises					
9. Any other factor (please specify)					
Barrier to entry	1	2	3	4	5

16. In your opinion, how can the government reduce the following barriers to entry into female entrepreneurship?

<p>a) <u>Access to finance</u>:</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
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b) Lack of information / advice on how to start an enterprise:

.....  
.....  
.....  
.....

c) Access to business networks:

.....  
.....  
.....  
.....

d) Lack of entrepreneurial training:

.....  
.....  
.....

e) Lack of profitable markets:

.....  
.....  
.....

f) Gender discrimination:

.....  
.....

17. What type of support should the government provide to female entrepreneurs for them to be successful? (you may tick more than one answer)

Type of support	Tick applicable
1. Entrepreneurial training	
2. Business support (mentorship, business plans)	
3. Start up capital	
4. Exporting opportunities	
5. Business networking forums	
6. Any other (please specify) ..... ..... .....	

18. Name any country in Africa which is doing very well to promote female entrepreneurs?

.....

19. Name any country in outside Africa which is doing very well to promote female entrepreneurs?

.....

20. What are the two main important lesson(s) that the South African government can learn from the above mentioned countries?

Lesson 1:

.....  
 .....  
 .....

Lesson 2:

.....  
 .....  
 .....

<b>Section D: Impact of Government initiatives</b>
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21. How would you rate the impact of the current government programmes to support female entrepreneurs in this country?

1. Negative	2. Neutral	3. Positive
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22. Please explain the reason(s) for your answer above (no.20)

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23. Are the current government initiatives addressing the actual needs of the female entrepreneurs in this country?

1. Yes	2. No
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24. Please explain the reason(s) for your answer above (no.21)

.....

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25. Are the government programmes towards women entrepreneurs reaching the intended beneficiaries?

1. Yes	2. No
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**Section E: Recommendations**

26. In your opinion, how can the current programmes for women entrepreneurs be improved in this country?

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.....  
.....

27. What are your recommendations to the government towards the current SMME programmes which support women entrepreneurs?

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.....  
.....

28. What are your recommendations to women entrepreneurs in this country?

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.....  
.....

29. In your opinion, what should the government do to make it easier for women to start businesses?

.....  
.....  
.....

30. In your opinion, what steps should the government take to stimulate female entrepreneurship in this country?

.....  
.....

THANK YOU!

## Appendix D: Ethical Clearance Approval



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11 May 2011

Ms. E Derera (207520926)  
School of Management Studies

Dear Ms. Derera

**PROTOCOL REFERENCE NUMBER: HSS/1189/010M**

**NEW PROJECT TITLE: A review of government initiatives to stimulate women entrepreneurship in South Africa: 1995 – 2009**

### APPROVAL AND CHANGE OF DISSERTATION TITLE

I wish to confirm that ethical clearance has been granted full approval for the above mentioned project:

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach/Methods must be reviewed and approved through an amendment /modification prior to its implementation. In case you have further queries, please quote the above reference number. PLEASE NOTE: Research data should be securely stored in the school/department for a period of 5 years

Best wishes for the successful completion of your research protocol.

Yours faithfully

.....  
**PROFESSOR STEVEN COLLINGS (CHAIR)**  
**HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS COMMITTEE**

cc. Supervisor – Prof. C O'Neill  
cc. Mrs. G Ponsford