

Factors contributing to women being successful in the SMME sector

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Mini Dissertation

Submitted in partial fulfillment of the requirements for the degree

MASTER IN BUSINESS ADMINISTRATION



FACULTY OF MANAGEMENT

At the

UNIVERSITY OF JOHANNESBURG

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November 2006

DECLARATION OF ADHERENCE

I, the undersigned, hereby declare that

1) The contents of this document is my own work

2) I adhered to the ethical obligations and principles of research ethics, as prescribed by the faculty's guidelines for ethics in research, during all phases of the research process.

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ACKNOWLEDGEMENTS

- I would like to thank my study leader Prof. Anton Muller for the guidance, support and motivation throughout my dissertation.
- I would also like to thank Dr Maria Dos Santos for her co-supervision for my dissertation.
- To my dear husband (Karthi Naicker) and my daughter (Diya Naicker), thank you, for the love, support and motivation.
- Thanks to my parents and the rest of my family who have been supportive during this entire period.



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CHAPTER 1: SCOPE AND OBJECTIVES OF THE STUDY

1.1 Introduction

The 1995 publication of the White Paper on the Development of Small Business indicated that the government in South Africa realized the importance of developing entrepreneurship and small businesses. It was stated that small, medium and micro enterprises (SMME's) offered an important vehicle to addressing the challenges of job creation, economic growth and equity in South Africa (South African Government, 1995: 5; Lekota, 1995: 11; Karungu, Marabwa and Stettler, 2000:21). The White Paper made special reference to the development of female entrepreneurs. One specific objective underlying the support framework of the national small-business policy is to facilitate equalization of income, wealth and economic opportunities with special emphasis on supporting the advancement of women in all business sectors (South African Government, 1995: 15; Garrun, 2004: 1). The White Paper for Small Business development and the National Small Business Development (Act 102 of 1996) identified access to finance, capacity building and the regulatory framework as key variables to be addressed in order to achieve faster growth in the SMME sector (Ntsika, 2000:9). While many of the constraints inhibiting SMME growth and development have been somewhat relaxed, much work still remains to be done. Lack of managerial capacity in particular, remains a high priority aspect that needs to be addressed (Ntsika, 2000:9).

Economically successful nations are those that use their resources to the maximum. For all countries, their most important resource is their human capital, and since women comprise over half of the population, they need to be brought into the economic mainstream (DTI, 2003:1; Nevin, 1996:33; Green Paper, 1997:40; Nunes, 1998:13). Hence, the commitment of the government and the DTI (Department of Trade and Industry) in South Africa to the rights of women and to their inclusion in the country's economy (DTI, 2003:1; Nevin, 1996:33; Green Paper, 1997:40; Nunes, 1998:13). The birth of our democracy has also opened new doors for women in South Africa, by allowing them to enter the mainstream economy through the availability of various business opportunities. Today the average company turnover of a small to medium enterprise owned by a South African woman has been estimated to be approximately 1, 5 million rand per annum (Matiwane, 2003: 3). However there is still a need for more women to enter the business market, as male owned businesses outnumber female-owned businesses by more than two to one (Women's Net, 1999:1; Scarborough and Zimmerer, 2000:16). Females could to a considerable extent attribute the uneven distribution of business ownership between males and females to entry barriers experienced, for example insufficient access to finance and credit facilities (Brown, 1997:7; Maysami and Goby, 1999:96-105; World Bank Group, 1999:1; Rutashobya, 1991:20; Malambuigi, 1991:1; Mbise, 1992:2-5).

1.2 Rationale

Although women entering the SMME sector do encounter specific barriers to entry related to their gender, there have however been a number of successful women who have been able to overcome them. This study seeks to identify these women in order to determine the types of entry barriers and problems that they actually encountered and how they managed to overcome them. The information obtained by this study could then be used to demonstrate to potential and current women in the SMME sector the strategies that could be used to overcome the identified barriers and problems facing them.

1.3 Problem Statement

The survival rate of SMME's is relatively low, as less than half of newly established enterprises survive beyond the first five years (Ligthelm and Cant, 2002: vii; Dockel and Ligthelm, 2002: 2). This is not only true of South Africa, but it is also a common phenomenon in the rest of the world. Problems encountered by SMME's worldwide are numerous and range from financial and market-related issues to issues in the macroeconomic environment within which businesses have to operate (Ligthelm and Cant, 2002: vii; Dockel and Ligthelm, 2002: 2).

Research done in South Africa on the difficulties encountered by women in the SMME sector revealed that women encountered the following difficulties

(Garrun, 2004: 1; Milpark Business School, 2001: 3; Commonwealth Secretariat, 2002: xvi – xvii):

- A general lack of business skills and knowledge since many of them had no formal training and experience in business management;
- Balancing home and work life, as there were few if any support structures;
- Access to credit facilities and finance.

The above findings are further substantiated by comments made in a concluding speech by Mmbatho Matiwane at the Commonwealth International Conference: Women in SMME where she stated that:

'As much as progress has been made our women SMME's are still faced with challenges in relation to growth. These include regulatory issues such as women's contracting rights and laws of inheritance under traditional law, unequal access to education and opportunities and biases in education participation in the economy, unequal management training and job opportunities and family responsibilities' (Matiwane, 2003: 3).

Although the above research has given an indication of the types of barriers and problems faced by women in the SMME sector, this study aims to identify the actual difficulties these successful women faced and the strategies that they used to overcome them. This information could then be used to give other current and potential women in the SMME sectors some guidelines on how to overcome these barriers.

1.4 Research Objectives

The objectives of the study are as follows:

- 1) Defining the SMME sectors and reviewing the legislative frameworks towards the SMME sector especially concerning women;
- 2) Profiling the factors playing a role in the success of women in the SMME sector ;
- 3) Accessing literature on international and local women in the SMME sector to identify business success and problems encountered;
- 4) Mobilizing the views of co-coordinating /funding bodies on women in the SMME sector where possible;
- 5) To provide guidelines for women who enter the SMME sector, as highlighted by all the factors for success in business and to create an awareness of problems that could be encountered.

1.5 Delimitation of the Study

The focus of this study will be on three of the identified four SMME sectors, i.e. the small, medium and micro enterprise, and will exclude the fourth sector, which is known as the 'Survivalist sector' in South Africa.

1.6 The SMME sector: an introduction

1.6.1 The SMME Sector in South Africa

In South Africa organizations with 200 or less employees are regarded as participating in the SMME Sector (South African Government, 1995: 8-10). This sector is further broken down into 4 categories known as:

- **The survivalist enterprise** - consists of individuals who have not been able to get a job in the formal sector and they have had no formal skills training in a particular field. These individuals have participated in business activities in order to survive. The income invested in these businesses is inadequate for growth and development (South African Government, 1995: 8-10).
- **The micro enterprise** - is defined as any business entity that employs less than 5 individuals. These businesses are owner managed with the assistance of family member(s) and at the most one or two paid employees. They usually lack 'formality' in terms of business licenses, value added tax (VAT) registration, formal business premises, operating permits and accounting procedures (South African Government, 1995: 8-10).
- **The small enterprise** - is defined as any business that employs between 5 and 50 individuals. Most of these businesses have a limited capital base and only rudimentary technical or business skills among their operators. Small enterprises constitute the bulk of the established businesses found in South Africa (South African Government, 1995: 8-10).

- **The medium enterprise** - is defined as any business that employs between 50 and 200 people. These constitute a category difficult to demarcate vis-à-vis the "small" and "big" business categories. Medium businesses are still viewed as basically owner-manager controlled, though the shareholding or community control base could be more complex. A business is regarded as a medium sized enterprise if it employs up to a maximum of 200 people and its capital assets (excluding property) are about R5 million (South African Government, 1995: 8-10).

However the above definitions are given in a South African context since different countries define SMME's differently. In Europe, USA (United States of America) and Japan a business with less than 500 employees is considered as SMME's. A small business in these countries is considered to have less than 100 employees, with medium between 100 and 500 (Vosloo, 1994:9).

1.6.2 Size and Diversity of the Sector

In South Africa there are more than 800,000 small, medium and micro-enterprises absorbing about a quarter of the labor force of 15 million people. This is in addition to about 3,5 million people involved in some or other type of survivalist enterprise activities (South African Government, 1995: 8-10).

1.6.3 Reasons for Starting a Business: Push and Pull Factors

A study conducted on SMME owners in Gauteng and Tshwane found that people started their own small businesses for the following reasons (Tustin, 2001: 42 - 86; Ligthelm and Morojele, 2001: 15):

In Tshwane:

- To increase income 6.5% - Pull
- To seize business opportunities 11.9% - Pull
- Due to retrenchment 8.3% - Push
- Due to possession of technical skills 5.9% - Push

In Johannesburg:

- To seize business opportunities 61.9% - Pull
- Due to unemployment 6.9% - Push
- To increase personal income 78.6% - Pull

1.6.4 Sources of Start-up Capital

Most SMME's (85%) use own savings (by the owner and the household members) as one of the main sources of start-up capital. This is followed by assistance from relatives and friends (31.4%) and utilization of a retrenchment package (18.8 %). Only 8.4% of the respondents indicated that a loan from a bank or other formal financial institution formed an important source of start-up

capital (Tustin, 2001:42; Chandra, 2000:1; Martins and Tustin, 1999:32; Tustin and Ligthelm, 1998:12). Several other surveys confirmed the relatively low incidence of bank loans in starting-up SMME's (Tustin, 2001:42; Chandra, 2000:1; Martins and Tustin, 1999:32; Tustin and Ligthelm, 1998:12).

1.6.5 Problems Encountered by SMME's

A number of researchers have investigated the types of problems individuals encounter when they attempt to enter and sustain themselves in the SMME sector in South Africa. A survey conducted on the Business Success Factors of SMME's in Gauteng revealed a number of issues that had a negative influence on SMME activities (Ligthelm and Cant, 2000: 19-20). In terms of the macro environment crime was identified as the largest problem, followed closely by inflation, unemployment, interest and exchange rates. Many of the respondents were neutral about the impact of HIV/AIDS to their business (Ligthelm and Cant, 2000: 19-20). In the study some of respondents without a formal management qualification maintain the view that business skills are not lacking in their business. A larger percentage of those without a management qualification agreed that the lack of managerial and training skills impacted negatively on the success of their business (Ligthelm and Cant, 2002: 25).

Human resource issues that were found to have a negative impact were poor staff planning, high labor turnover, poorly trained employees, low labour productivity and an inability to appoint suitable staff (Ligthelm and Cant, 2002:

34). This research also revealed that businesses with owner-managers possessing formal business qualifications tended to rate their businesses more successful than those without them. Half of the owners with management qualifications rated their business as very successful compared to 48% without management qualifications (Ligthelm and Cant, 2002: 34; King and McGrath, 2002:31; Devey, Skinner and Valodia, 2002:22).

Dockel and Ligthelm (2002: 2) examined the problems encountered by business owners in the SMME sector and they found that they could categorize them in the following way:

- Economy based problems that are associated with national economic factors related to the state of the economy such as specific phases in the business cycle and employment prospects.
- Industry based problems that are associated with the industry in which the firm operates and can relate to, among others, the degree of competitiveness, demand and supply factors within the industry and barriers of entry.
- Firm-based problems that refer to internal factors such as the availability of resources such as finance and entrepreneurship and the effective use of such resources.

In the case of market-related issues it was found that increased competition, limited market size, low demand, ineffective marketing, lack of competitor knowledge, poor location, lack of market knowledge and inability to identify target

market, were the factors that had the most negative influence on business success (Viviers, Van Eeden and Venter, 2001: 11). A lack of management skills and training is often stated in literature as a major cause of business failure (Viviers, Van Eeden and Venter, 2001: 11).

1.6.6 Challenges and Constraints in the case of Women

Since 1994, South Africa has embarked on a process to structurally transform the country and its economy so that all its citizens can actively participate. In order to achieve this, policies were adopted that were inclusive of all citizens. The Broad-based Black Economic Empowerment Bill, for example, is a significant piece of legislation as it seeks to structurally transform the patterns of ownership, management, skills levels, and enterprises in our economy. A commitment was made to good governance from both the public and private sector, fighting corruption and adopting stable macro-economic policies. As efforts continued to address women's issues in the broader economy, it was realized that there was a need to understand the environment in which women entrepreneurs operate, including the challenges they face. Amongst many other challenges, these are most relevant to the situation of women (Hendricks, 2003: 2-4; Hendricks, 2003:1; South African Government, 2004:1-6):

- The regulatory environment – includes government legislation, which can have a constraining effect on women-owned enterprises. A high or complex administrative burden in establishing and sustaining a business has a greater negative impact on women-owned businesses and

sometimes pushes women into the informal sector. An important aspect of the Broad-based Black Economic Empowerment Bill is that it starts to address the need for women entrepreneurs to be included in the structural transformation of our economy and for women entrepreneurs to benefit from the changes that will take place in South Africa (Hendricks, 2003: 2-4; Hendricks, 2003:1, South African Government, 2004:1-6):

- Education opportunities and education systems – women’s career choices from an early age are still directed towards the softer sciences and not those in business, science and technology. These career choices can later affect women’s confidence in entering the business world and in starting an enterprise in what is perceived to be a male domain. Gender insensitivity in the mathematics and science curriculum at secondary school and at tertiary level has consistently discouraged women from entering these fields. The result is a shortage of skilled women in the technology-intensive industries that are key to the success of the economy (Hendricks, 2003: 2-4).
- Cultural factors, societal views and societal perceptions – Cultural attitudes also discourage women from taking risks in business and accessing information as well as preventing them from getting equal access to procurement opportunities. Certain negative cultural aspects in patriarchal societies make women more vulnerable to being victims of crime and gender-based violence. The social environment also

discourages women from pursuing career paths in the fields of science, engineering and technology sectors (Hendricks, 2003: 2-4).

- Management training and job opportunities – Often women in the workplace are concentrated in the least skilled and lowest paid jobs, this limits their access to management, technical training and denies them the “on the job” management experience that would enable them to successfully manage an enterprise (Hendricks, 2003: 2-4).
- Family responsibilities – these can often result in additional financial burdens as well as increased household responsibilities. A lack of affordable childcare facilities for young children creates an additional burden for the mother who would like to start her own business (Hendricks, 2003: 2-4).



1.6.7 South African Women Entrepreneurs Network

A review carried out by Ntsika on small, medium and micro enterprises (SMME's) recommended that the Department of Trade and Industry intervene by setting up a structure that would help women to overcome the policy and business environment constraints that impact on the growth of their enterprises (Ntsika, 2000:1; Downing, 2003: 18). The concept of the South African Women Entrepreneurs Network (SAWEN) was presented at a national women entrepreneur consultative forum in July 2001 and the concept was fully endorsed by the national forum present. SAWEN has been established as a national network organization that facilitates and monitors the socio-economic

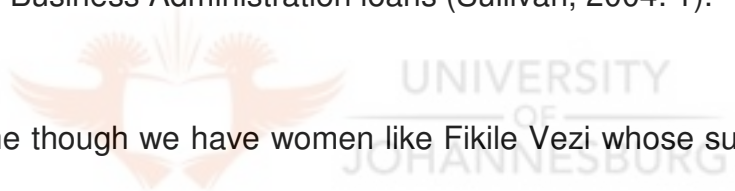
advancement of women entrepreneurs and their positive impact on the country's economy (Downing, 2003: 18).

By creating a platform for women from different sectors and levels of the economy, SAWEN assists women to lobby for increased and better access to resources and to review the impact of policy interventions on their enterprises so that they may move for possible improvements. SAWEN seeks to affiliate all women enterprise groups, co-operatives, organizations and initiatives into a national umbrella body that will represent and articulate the aspirations of all women entrepreneurs (potential and existing) that operate within the South African SMME sector, as well as lobby for their support needs. SAWEN links organized groups of women entrepreneurs to private and public sector business and development opportunities (Downing, 2003: 18).

1.6.8 Achieving outrageous business and investment success

The e-book, *Millionaire Women : How to develop your feminine millionaire mind and achieve outrageous business and investment success*, by Christina Gage and Shelly Gore, outline the milestones achieved by the businesswomen in America, some of whom are heading up huge corporations, like CEO and Chairwoman of Avon, Andrea Jung. And for the first time in history, an African American Women, Oprah Winfrey, has become the first billionaire women of colour (Gage and Gore, 2003: 6-7).

More importantly the book highlights that women who succeed in business do not have to compromise their feminine qualities and behave like a man to seek their million. In fact women like Oprah Winfrey used her unique flair and style to create a deep connection with her viewers (Gage and Gore, 2003: 9). In America, the select clubs of women who own businesses with annual revenue over \$ 1 million dollars do things a bit differently from the majority of female entrepreneurs. According to a study 6 percent of female entrepreneurs who own million-dollar businesses do not maximize their own personal credit cards, recourse of many cash-strapped female entrepreneurs. Instead, they arrange a mix of credit sources to fund a business expansion, from business credit cards and bank loans to Small Business Administration loans (Sullivan, 2004: 1).



Closer to home though we have women like Fikile Vezi whose success can only be ascribed to a sense of knowing where she wanted to be in life, staying focused on her chosen goal, and having the required stamina to stay the course. Fikile runs a successful company that does training in a specialized field of study and is also involved in the production of education material related to the eradication of the dreaded HIV/Aids pandemic (Nxumalo, 2003: 126).

The combined turnover of the companies Vezi Communications and Sesifikile Booksellers is around R 1.5 million per annum, making Fikile a serious contender for the title of entrepreneur of the Year for the SMME sector. Fikile holds one of the rarest degrees ever: a Masters in Science in Instructional Technology. It

involves the designing of systems or methods for educational purposes, including the teaching of technical and science subjects (Nxumalo, 2003: 126).

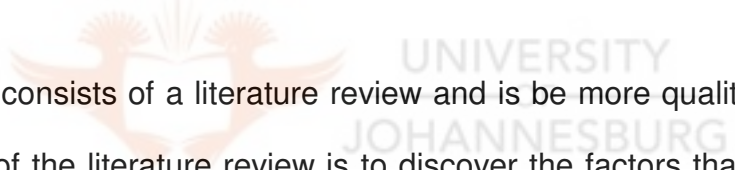
Fikile has achieved success through pure hard work and not allowing any obstacles to deter her, even not having completed matric. Fikile completed her matric while being a trainee nurse at The King Edward the VIII Hospital. The message that Fikile would like to pass on to those whose parents cannot afford to carry them through school due to circumstances beyond their means is: “Nothing will stand in the way of an identified goal. All you need is patience and perseverance “(Nxumalo, 2003: 126).

Bridgette Radebe founder and Executive Chairperson of Mmakau mining attributes her success to her determination and drive. She grew up in a family of entrepreneurs as both her parents ran a retail business in the North West province, and her childhood was steeped in the principles of management, financial planning and business culture. The circumstances she was exposed to at an early age – like exploitation, acted as a catalyst in provoking a rebellion against the system. She entered the mining industry to be in a position to correct the non-payment of mining royalties to her and other communities (Erasmus – Kritzinger, 2003:23- 24).

The legislation prevailing at the time made everything a challenge. In order to overcome the “Bantu education” system her parents sent her to private school. Tertiary education was a problem because of her race. The University of

Witwatersrand accepted her but the Apartheid system would not allow her to study in a 'white' only institution, so she was banished to the University of the North. She overcame obstacles like lack of financial support from banks and entering a very white male-dominated industry by being self-motivated, determined and hard working. She had to be innovative and be able to negotiate and be better than everyone else because she was in a male dominated business and industry. She also learned that if you were good men accepted you (Erasmus – Kritzinger, 2003:23- 24).

1.7 Research Design and Methodology



The research consists of a literature review and is be more qualitative in nature. The purpose of the literature review is to discover the factors that led women to be successful in the SMME sector, as well as problems encountered. The study will also include literature from an international and national perspective to gain an insight in women's experiences from both abroad and locally. It will also include general issues related to entrepreneurship as well as those related to women. The legislative environment in South Africa and its impact on women in the SMME's will also be researched. In addition, the nature of problems experienced, life experiences and how they were managed will also be investigated.

A survey has been carried out to investigate how the women (female entrepreneurs) in the SMME sector succeeded in their endeavors. The study

initially was to be limited geographically to the Johannesburg environment. Due to the difficulties experienced in data gathering, Durban and Cape Town was considered as well. A questionnaire was sent out to SMME's in the sample drawn. Respondents were selected from the following sources to make up the sample population:

- The Business Woman's Association of South Africa (BWA SA).
- South African Women Entrepreneurs Network (SAWEN).

1.8 Overview of chapters

- **Chapter 1:** Goal and method of study (Introduction to the study)
- **Chapter 2:** Profiling the factors playing a role in the success of women in the SMME sector
- **Chapter 3:** Research Design, Methods and Data Presentation
- **Chapter 4:** Findings and Discussion
- **Chapter 5:** Summary, conclusions and recommendations of the research

CHAPTER 2: PROFILING THE FACTORS PLAYING A ROLE IN THE SUCCESS OF WOMEN IN THE SMME SECTOR

2.1 Small business success factors

Much research has been carried out on the subject of small business success. Unfortunately significant progress has not been made, largely due to researchers not taking into account the many problems specific to small business research (Curran and Blackburn, 2001: 228-240; Beaver, 2002: 213) and that these small businesses have different characteristics, objectives and qualities and that these differ between industries (Gadenne, 1998: 36-55). Diverse perceptions regarding the *definition of success* have created problems (Beaver, 2002:213). A further problem is identifying a *suitable methodological approach* (Watson, Hogarth-Scott and Wilson, 1998: 217-38). Many factors both internal and external have been found to impact on small business success including, inter alia, industry structure and competition, entrepreneurial decisions, employee relations, entrepreneurial objectives, organizational culture, education, training and prior experience and various sub-categories within these areas. Previous researchers have attempted to define success in terms of growth, sustainability and turnover, while others have looked at entrepreneurial characteristics and traits contributing to success and the organizational characteristics indicative of success (Perren, 1999: 366-85; Perren, 2000:58-68). All of these attempts have failed to agree on the success factors (Watson et al., 1998: 217-38).

2.2 Defining success

There are very real problems with the term “success” and its various interpretations and perceptions in the small firm sector (Beaver, 2002:98). The subject of success factors in small businesses has become more popular in recent years amongst business researchers and entrepreneurs, each attempting to provide a definitive formula for success (Beaver, 2002:98). Success is often viewed in terms of growth or profitability, but this becomes more complicated when trying to determine the factors that lead towards it. It is important to recognize that while a common measure of success in business is still to be defined, there are some general factors found to influence the success potential of businesses (Beaver, 2002:98; Alsbury, 2001:41-55). Previous research into the relationships between various factors and small business success has been lacking a comprehensive theoretical framework, although there are authors such as Wiklund (1999) that have been focusing on theory formation. Many small business owners are aiming to discover the management strategies, business objectives and personal characteristics most closely linked to small business success (Gadenne, 1998:36-55). The relationship between intentional behaviour and the success of new firms has been largely demonstrated in literature (Wiklund, 1999:37-48). Organizational characteristics are another explanation for differences between successful firms and failures. In literature there is agreement that significant firm size and financing increases the chances of success. The amount of capital in the start-up period and sufficient financing in the critical first three years, are in a certain way, a guarantee for continuous development for the young firm and a buffer for hazardous or unforeseen circumstances (Wiklund,

1999:37-48). Research has sometimes simplified the definition of success as being equivalent to continued trading and failure equivalent to ceased trading (Watson et al., 1998:21-38). However, by adopting business continuation as the basis of success, conventional theorists held the assumption that profitable entrepreneurs decide to stay in business and those making a loss decide to exit. However, it is quite feasible that the decision whether or not to stay in business is not forced to arise as a result of profit, but could be due to the characteristics of the entrepreneur (Harada, 2002:1-13).

Gadenne's (1998:36-55) study of critical success factors of small businesses in Australia examined the factors used to measure success across different industries including retail, manufacturing and services. Gadenne (1998:36-55) studied the different industry types in relation to the management practices, the personal characteristics of managers and the enterprise objectives, asking about the success factors that have been identified in previous studies, and measuring success by Return On Capital Employed (ROCE). The majority of the 169 respondents to his questionnaire were businesses employing less than ten people. Statistical analysis found success factors unique to each industry group; for example in retail, success is positively related to competitive pricing and quality, in manufacturing to competitive pricing and knowledge of competitors, and in services to employee relations issues such as training, staff involvement in decision-making, and job satisfaction. It is noted that the recruitment of quality staff is said to be a major challenge and a barrier to success in small firms (Beaver, 2002:102; Williamson, 2000:27) and sales and marketing matters were

found to be the most dominant problems encountered by small businesses (Huang and Brown, 1999:73-85).

One common factor found by Gadenne (1998:36-55) in all three industries was that success is more likely when there are enough financial resources either contributed by the owner or gained through profits and cash flows. The lack of generalisability of the results may in part be due to the micro-size of the businesses studied (Gadenne, 1998:36-55). However, quantitative analysis alone does not provide real meaning when dealing with the unique perceptions of individuals. It could be said that the concept of success factors unique to each industry group could even prove to be unique to each owner and each organization, to such an extent that the owner's perception of success would be a relevant starting point. It is argued that success, as determined by an outside influence, lacks relevance if the entrepreneur does not view himself or herself as successful. This agrees with Hill and McGowan's (1999: 9) recommendation, that: ". . . the researcher must represent or reconstruct the world as seen by others" and Beaver's (2002: 98) observation, "Perhaps the best and most accurate way to judge success is to ask whether the particular goals of the enterprise have been achieved".

2.3. Success and the characteristics of the entrepreneur

Many researchers have tried to define the characteristics of the successful entrepreneur (Beaver, 2002:102; Harada, 2002:1-13). It is advocated that the

enterprise reflects the individual personality and behaviour of the entrepreneur, their commitment and vision being central to the success of the business (Hill and McGowan, 1999:5-18). The external environment also has a big impact on the success of the business. It is a combination of the knowledge, experiences and personality, and the way in which they are affected by the outside influences of society and the environment, that go together to make a successful entrepreneur (Simpson, Tuck and Bellamy, 2004:481-491). It has also been suggested that one of the main success factors relates to the interaction of the entrepreneur with the delivery of the service (Beaver, 2002:102). Entrepreneurial characteristics that contribute to small business success are to do with technical and mental ability, human relations skills, high achievement drive and creativity (Simpson, Tuck and Bellamy, 2004:481-491). Setting up a business for “positive reasons” such as to be independent, to be creative, or to do enjoyable work is associated with survival of the small firm (Simpson, Tuck and Bellamy, 2004:481-491). While those setting up for reasons such as to exploit a market opportunity or to meet a perceived service need (pull factor), reduced the probability of survival (Watson et al., 1998:217-38). The critical period for any small business tends to be following initial start-up.

There are many determinants of success, both internal and external, not least the influence of the owner, when defining objectives (Watson et al., 1998:217-38). The objectives of small business owners often relate to personal goals and are subconsciously set rather than formalised in business plans (Greenbank, 2001:108-27). Greenbank’s (2001:108-27) research with owner-managers of

micro businesses considered how the respondents defined success. Greenbank (2001:108-27) found the main criteria for success to be income levels, job satisfaction, working hours, control, and flexibility. Greenbank (2001:108-27) made a further distinction between entrepreneurs and small business owners, concluding that the objectives of entrepreneurs tend to be growth related, while those of small business owners normally relate to personal goals. Many of the interviewees in Greenbank's (2001:108-27) study did not want to achieve further growth once the firm had reached a certain level, as they felt there was an upper size limit after which they would lose control. Watson et al. (1998:217-38) found that money was not the main motivator, but that the satisfaction of owning a business and the desire to remain in control was found to be a major factor limiting growth. Greenbank (2001:108-27) found that the objectives of owner-managers were strongly influenced by employees, customers, and the social context of the owner.

Previous studies of success criteria as identified by managers and business owners (Sturges, 1999:239-52; Greenbank, 2001:108-27) suggested that sense of achievement, recognition, enjoyment and feeling that they are doing the job well, job satisfaction and satisfaction of owning a business were the most common. However, a number of success factors, to do with the organization as a whole (but influenced by the entrepreneur) have been identified. These are the uniqueness of culture, shared values, a collaborative approach between owner-manager and staff, the use of core competencies and building on strengths, employee relations (found to be a critical factor in service firms), job satisfaction

and fulfillment for owner and staff (Choueke and Armstrong, 2000: 236). Again the issue of complexity in the small firm is raised. Greenbank (2001: 124) states: "It is obviously difficult to fully understand the objectives of owner-managers because of the number of variables involved and the inter-related nature of these variables." For example there are considerable differences between owners in terms of start-up, objectives, motivations, the seeking of support, and reasons for discontinuation (Watson et al., 1998:217-38).

2.4. Measuring success

According to Probst and Raisch (2005:91) it is scarcely possible to read a book on management without encountering four key factors of success: a high growth rate, the ability to change continuously, a highly visionary company leadership, and a success-oriented company culture. They caution companies that in order to sustain success they need to keep a balance, as there is a fine line between success and failure. The great majority of companies that failed possessed these factors in abundance (Probst and Raisch, 2005:91). Companies that are classified as "burnouts" owe their failure to excessive growth, uncontrolled change, autocratic leadership and an excessive success culture. Remedies they suggest to stabilize growth, include that the organization and leadership are opening up the system to new ideas, to invest in growth and change and to promote an innovative and achievement-oriented culture (Probst and Raisch, 2005:101).

Cornwall and Naughton (2003:62) define the measure of success as the actions and behaviors of the entrepreneur as it relates to financial growth, growth in total

employment and profits, the terms of survival of the business enterprise as well as customer and employee satisfaction.

Bridges (2002:3) stresses the importance of case studies in measuring success, to find out what works and what does not. Also to the extent which an enterprise sets goals and achieves it, evaluates efforts and gives feedback to clients and supporters, creates new business, builds skills and imparts it locally (Bridges, 2002:3).

2.5. Networking breeds success

The relationship between networks and entrepreneurship has received increasing attention in recent years. Not only are networks important for entrepreneurship, but the entrepreneur has to engage in networking to ensure survival of the business (Jacks and Robson: 2002:1). Formal and informal networks provide a resource base that is crucial to starting and developing a business, because by supplementing the entrepreneurs own business resource, the network improves the likelihood of success. Informal sources include friends, family, business associates, and formal sources include professional and technical consultants, general consultants, supply chains, client and customer links (Jacks and Robson, 2002:1).

Business networks are an acknowledged means by which businesses can successfully be improved and their market share increased. Cross-cultural studies in the USA, Israel and Singapore have illustrated that business success

has been correlated with networking and social skills among female business owners (Baron and Markman, 2000:106-116; Maysami and Goby, 1999:96-105). Business success seemed to be linked with the women's skills in overcoming social obstacles during the start-up phase of their business (Maysami and Goby, 1999:96-105). Moore (2002:253) emphasizes the importance of networking:

“Women entrepreneurs need to understand that networking is a continuous, learned skill and that old organizational networks and the networking style practiced in a previous corporate environment may not transfer well to business ownership. Because the positive impact networks have on business start-ups is well established, constructing networks has to be a vital part of the female entrepreneurship business plan.”



Most women business owners agree that the best advice they received when starting out was to establish a network community. Successful networking can result in acquiring sufficient information, resources and contacts to reinvent the company according to market needs (Williams, 2001:2; Blasingame, 2001:2; Light and Gold, 2000:94). When one is in business, almost every facet of a person's life revolves around the business. The business and the person become intimately and intricately intertwined, and is the driving force behind the enterprise and is its best representative (Wesman, 1995:73). What's more, networking can be a basis for creating a support system of women entrepreneurs where ideas, problems and solutions can be shared (Wesman, 1995:74). The personal network provides not only information and access to important physical

and financial resources, but also human and social capital (Johannisson, 2000: 12).

It is important to establish a network of formal and informal sources, to be in constant contact with the market and to understand what to deliver and how to deliver it differently from the competition. Networking helps one understand the effect of events happening in business, because you receive and share the distilled expertise of field experts (Williams, 2001:2).

The contribution of social networks to entrepreneurship is arguably one of the most important discoveries in the last generation (Light and Gold, 2000:94). Networking allows a person to enlarge their span of action, save time and gain access to resources and opportunities otherwise unavailable, as well as provide needed resources to a new venture (Aldrich and Zimmer, 1986:154-167).

2.6. Five key factors for success

According to Pretorious (1999:15) success can be defined as the achievement of goals. So once one has set a goal or a series of goals, and they have been achieved, a person can be regarded as successful. Non-achievement of realistic goals can be regarded as failure. The following five key factors are interrelated and once the entrepreneur masters the concept behind them, it will halt the failure slide and help the entrepreneur to measure success:

- ***Attitude and motivation***

The starting point is a positive outlook and feeling about being successful in business. An attitude of success refers to the frame of mind in approaching challenges and tasks. Perseverance is another element that makes entrepreneurs succeed, as they never give up. Low levels of achievement motivation lead to higher chances of failure (Pretorious, 1999:14-15).

- ***Positioning***

Positioning largely takes place in the minds of consumers, confirming how they view their product. For example, KFC food-franchises are positioned as a “convenience” product that is also fun and its marketing promotions are aimed at toys for children. Nando’s on the other hand, concentrates on giving people a “memorable” experience and Chicken Licken is positioned to provide a fair-sized meal at an affordable price (Pretorious, 1999:14-15).

- ***Economic Model***

The economic model describes the relationship between selling price, cost, volume and fixed expenses. If the economic model is not sound, there is no basis for the business venture to exist. There are three questions that should be asked:

- Is the business model economically sound?

- How many concept offerings (products or services) can be sold in the market?
- The amount of fixed expenses required to produce the required number of products or services?

Combining all the above, gives the profit formula (Pretorius, 1999:14-15).

- ***Sales Forecast and Market Share***

Incorrect sales forecasts are reported as the second most important reason for business failure. It is best to be on the conservative side when estimating sales forecast. To do that one could do market research by way of a simple questionnaire, observe and count customers or doing desk research by phoning the local chamber of business office to give you the specialist in your type of business or consult the yellow pages (Pretorius, 1999:14-15).

- ***Cash Flow***

“Cash is the life blood of the small business” (Niemann and Bennett, 2002:65; Pretorius, 1999:14-15) and to understand the venture’s cash flow situation is the final key to success. The two important issues of cash flow are “flow” and “timing”. There are two kinds of flow, inflow and outflow. Inflow comes into the enterprise primarily from payments received from customers but also capital from

other sources at start-up. Outflows are money paid for stock and expenses. Cash-flow projections must be in place to enable the venture to operate and make a profit (Pretorious, 1999:14-15; Taylor, 1988:155-156; Brush, Carter, Gatewood, Greene and Hart, 2004:1).

2.7. Growth and sustainability

Several studies have analyzed success in terms of factors influencing growth, sustainability and organizational development. Competitive advantage is often seen as the key to sustainability, the general assumption being that firms could achieve a unique position in relation to their competitors, allowing them to consistently outperform them, therefore sustaining an advantage (Fiol, 2001:691-9). Most research agreed that core competencies were the means of doing this, and because these core competencies have to be inimitable they tend to be based around human assets, procedures and tacit knowledge (Fiol, 2001:691-9). Fiol (2001:691-9) argues that in today's environment the skills and resources, and the procedures and practices used by organizations, must constantly change, leading to a necessity to have a series of continuously changing temporary advantages, regardless of how inimitable their core competencies may be at any given time.

Others have again focused on the entrepreneur (Choueke and Armstrong, 2000:227-38; O'Gorman, 2001:60-75). Previous research has identified the

sustainability of growth as being due to either the strategic choices of the entrepreneur or the structure and characteristics of the external environment (O’Gorman, 2001:60-75). O’Gorman (2001:60-75) found that growth (measured in terms of turnover and employment levels) depended on two major managerial choices: where to compete and how to compete, the combination of which enabled sustained growth. Many researchers advocate that growth is a result of the choices made by managers and the ability to respond to changes in the market. However, there is also evidence to suggest that high growth companies build on existing strengths and diversify, restricting their range of activities to a central skill or competence (O’Gorman, 2001:60-75). The personality, managerial skills, managerial style and intensity of competition are all considered to be barriers to growth (O’Gorman, 2001:60-75). The traditional view was that organizations are affected by the environment they operate within, however, O’Gorman (2001:60-75) found that when measured over time these became less significant, concluding that neither industry structure theory nor strategic choice theory gives sufficient explanation for high growth in the SMME’s studied. It is also possible that this is attributable to their uniqueness, as many issues and problems are unique to small businesses either because their origins are embedded in the characteristics and beliefs of the owner, or because they are size related (Wyer et al., 2000:239-59). However, O’Gorman (2001:60-75) did find that companies must possess superior competitive strategies to achieve sustained growth. Choueke and Armstrong (2000:227-38) studied the reasons for organizational growth and business success in SMME’s and found what they called a “missing perspective”, namely the effects of culture on SMME

development. They identified that some companies had unique cultures, which had a positive effect on SMME performance. The respondents recognized the role of culture in the success of their businesses, the principles of which in most cases originated from the founder via top management. The most successful companies were those where staff felt ownership of the organization, or felt they were partners within it.

2.8. Reviewing the legislative policy towards the SMME sector especially concerning women

The South African government and the Department of Trade and Industry (DTI) are committed to the rights of women and to their inclusion in the South African economy. In order to achieve this, these institutions have actively participated in a number of activities aimed at creating an environment that is more conducive to the flourishing of women in business. These activities range from amending regulations and legislation to improving educational opportunities and supporting women's family responsibilities. In this chapter the researcher will be discussing these initiatives in more detail (DTI, 2003:2; Freeman, 2003:1).

2.8.1. Mainstreaming Women in the SA Economy

2.8.1.1. The role of the Department of Trade and Industry (DTI)

The DTI approaches the empowerment of women entrepreneurs in the South African economy in three ways. The first is to sensitize everyone in the DTI to gender issues and the promotion of Women's Economic Empowerment (WEE). The second is to develop specific programmes that are aimed at unleashing the potential of women as entrepreneurs, while the third is the integration of WEE principles and requirements into the economic policies and strategies emanating from the DTI, the most recent being the 'Strategy for Broad Based Black Economic Empowerment' (DTI, 2003:9; Freeman, 2003:1).

The principles which are guiding government and the DTI's interventions and support infrastructure for SMME's, are derived from understanding the role of SMME's (Small, Medium, Micro-enterprise) in the post-apartheid economy (Rogerson, 1998a:133; Bekwa, 1997:1). The South African government has identified three key roles for SMME's in the national economy and society, namely employment promotion, economic redistribution and the enhancement of competitiveness (Manning, 1996:63-7; Wadula, 2005:1; Venditto, 2003:3). The role of SMME's in employment promotion is particularly significant given that the past apartheid economy has been characterized by 'jobless growth'. In terms of economic redistribution, SMME promotion will undoubtedly contribute to redressing the economic inequalities inherited from the apartheid period (South

African Government, 1995a:5). Lastly SMME's are expected to enhance the economic competitiveness of local industry in order to stimulate growth and even export. This issue has attracted considerable attention, particularly in terms of flexible specialization, industrial clusters and the promotion of industrial districts (Rogerson, 1994:1-17; Nunes, 1998:1).

The key constraints facing the different segments of the SMME sector have been extensively investigated across both urban and rural areas of South Africa (Preston-Whyte and Rogerson, 1991:133; World Bank, 1993:9; Kirsten, 1995:198-244; Rogerson, 1996a:134, 1996b:167-181, 1998a:6-14; Rogerson and Reid, 1997:2). Initially, emphasis was placed upon the negative impact of narrow regulations on the growth of SMME's. Hence it was suggested that the government's role in promoting SMME's should be minimized to the enactment of measures for deregulating the economy. Nevertheless, legal restrictions are no longer the major impediment to SMME development in South Africa (World Bank, 1993:9; Rogerson, 1998a:6-14). Several observers point to a need for policies and programmes to deal with the specific environmental constraints that relegate women to the poorest niches in the SMME economy (Horn, 1995:34-8, Valodia, 1996:2; Valodia, 2000:8; Standing, 1999a:102; Standing, 1999b:583-602). Intervention programmes should aim at organizing and regulating informal workers, redesigning social security systems and extending workplace childcare (Self Employed Women's Union, 1995:1).

2.8.1.2 New Programmes, Institutions and Policy Initiatives

The White Paper on Small Business sets forth the national objectives for the SMME sector in South Africa. The primary objective is “to create an enabling environment” for SMME development in terms of national, regional and local policy frameworks (South African Government, 1995a: 15-16; Venditto, 2003: 3). In addition to this basic objective, several more specific policy objectives are identified. The first of these is “to facilitate the greater equalization of income, wealth and economic opportunities” which is inseparable from a strengthening of the labour-absorptive process in the micro-enterprise and survivalist segments, the redressing of discrimination with respect to blacks as well as women’s access to economic opportunities, and the facilitation of growth in black and small enterprises in rural areas. The second objective is to create long-term jobs, which demands policy interventions that are designed to upgrade human resource skills, and to strengthen the use of appropriate modern technologies. The third objective is to stimulate economic growth through addressing the obstacles and constraints that prevent SMME’s from contributing to overall growth. The fourth objective is to strengthen the cohesion between SMME’s in order to overcome their isolation. This could be done by promoting SMME’s networking with a view to building collective efficiency, addressing development obstacles and taking up opportunities. The fifth objective is to level the playing fields both between large enterprises and SMME’s and between rural and urban businesses. The sixth objective is to enhance the capacity of small business to comply with the

challenges of an internationally competitive economy (South African Government, 1995b:16- 25; Kagiso Trust, 1999:9).

These objectives and the associated programmes as set down in the DTI White Paper relate generally to the SMME sector as a whole. However, it has been recognized that in order to encourage the development of SMME's in the rural areas, more specific objectives need to be developed for these regions. In the Discussion Paper on Rural Development and in provincial SMME planning certain more specific objectives relating to rural SMME's may be recognized. The Discussion Paper on Rural Development draws particular attention to the need to address the disempowerment of 'the most marginalized groups', in particular women and rural entrepreneurs (South African Government, 1995b: 25).

2.8.1.3 Government Interventions: New Institutional Structures

The government, through the Department of Trade and Industry (DTI), established the Center for Small Business Promotion (CSBP) at national level. This Center gave birth to Ntsika Enterprise Promotion Agency and Khula Enterprise Finance Limited. These are the main statutory bodies established to support and assist SMME's (Ladzanil, 2001:4-8; Valodia, 2000:10).

After the enactment of the national White Paper on Small Business, the DTI began to build new institutional infrastructure to service the needs of the SMME economy (Manning, 1996:236). The vision for SMME development was to

integrate small business into the heart of South African economic life. Internationally, it was recognized that the common thread that runs through success stories of SMME development was the critical role played by support agencies and institutions, whether these be driven by government, the private sector or NGOs. A new national framework for SMME development in South Africa was therefore developed and linked to key intervention programmes targeted at supporting the national objectives for SMME development. This involved the introduction of new programmes for SMME promotion and the restructuring of existing ones to more effectively embrace SMME's (Manning, 1996:236).

Ntsika Enterprise Promotion Agency (NEPA) was initiated by the DTI specifically to implement the national SMME strategy. As 'the implementation agency for all non-financial entrepreneurial services', Ntsika was to 'facilitate and act as a wholesaler of delivery programmes to support SMME's in South Africa' (De V Graaff, 1996:7). Ntsika is committed to developing a "thriving and vibrant SMME sector" and ensuring that small businesses are no longer steered to the margins of the economy and through its intervention, create an environment for important sectors of South African society, for example black people, women, rural communities, youth and the less able, to be empowered to play an important role in the economic growth of South Africa (De V Graaff, 1996: 7; Ladzanil, 2001:5).

In April 1995, Business Development Services (BuDS) was established to co-ordinate the evolution and development of the network of Local Business Service

Centres (LBSC's). The stated mission of BuDS is 'to enable all existing and would-be entrepreneurs in small, micro and medium-sized enterprises to have access to high quality business support services'. In addition to its work with LBSC's, BuDS is developing a number of manufacturing advice centers (MACs) and setting up information and networking programmes to link LBSC's and MAC's in order to facilitate information access for SMME's (South African Government, 1995a:25; De V Graaff, 1996:6-10; Visser, 1999:18; Ladzanil, 2001: 5-7).

Whereas Ntsika's activities focus upon furnishing non-financial support to SMME's through intermediary organizations, the central activity of Khula Enterprise Finance is to facilitate and expand access to finance for SMME development. As the national wholesale funding facility, Khula provides loans, grants and guarantees for retail banking institutions servicing the SMME sector. In common with Ntsika, Khula works through intermediary organizations, such as banks and NGOs and its operations are premised on 'commercially sound business principles' (De V Graaff, 1996:6-10; Hoffman, 1997:138).

2.8.1.4. Private Sector Interventions

The National Small Business Council (NSBC) is an autonomous body led by the private sector. It consists of representatives from small business associations and business chambers. The *raison d'être* of the NSBC is "to sanction the national small business support framework and provide a sounding board for

small business interests and concerns” (Segal Quince Wicksteed (SQW) and Ntsika, 1997:8). More specifically, the NSBC’s objectives are (1) to promote the interests of the SMME sector at national, provincial and local levels, (2) develop recommendations for national and provincial economic policies affecting SMMEs, (3) play a pro-active role in shaping and responding to strategies developed by national and provincial governments, and (4) submit recommendations to government regarding existing and proposed legislative procedures (De V Graaff, 1996: 6).

2.8.1.5. Provincial Interventions

Finally, in each of the nine provinces an SMME desk has been established with the goal of providing ‘a one-stop information unit, which would speed-up and simplify communication channels with government’ (SQW and Ntsika, 1997:8). These SMME desks are to co-ordinate SMME support programmes and activities at the provincial level. It is emphasized that because a strong partnership between provincial SMME desks and local LBSC’s is crucial in addressing the needs of the SMME sector in South Africa, the provincial government has a pivotal role to play in SMME development. Provincial planning for SMME development is geared to translating the national policy guidelines and adjusting them to local circumstances. Nevertheless, SMME policy development currently differs markedly between the provinces, with some (such as Mpumalanga) well advanced in their SMME policy development, while others (such as North West) are lagging far behind (SQW and Ntsika, 1997: 8).

A range of other institutional actors also play a role in SMME development in urban and rural areas. Most important is, perhaps, local government (Rogerson, 1998b:5-35). As part of the shift towards a more profound developed mental approach to local government, a number of South African municipalities have taken steps to support the SMME economy, notably survivalist enterprises such as hawking enterprises or spazas. The establishment of formal and periodic markets, land use zoning and infrastructure provision, among others, are key areas of local government intervention which impacts positively upon the workings of survivalist enterprises. A typical example of local government intervention is the LBSC's, (Local Support Business Centre), whose role has been discussed earlier (Market Society, 1997:1; Rogerson, 1996c:73-81, 1998a:6-14). Another important sphere of local government intervention towards poverty alleviation is urban agriculture (May and Rogerson, 1995:165-181; Rogerson, 1996d: 137; 1998c:875-905). It is evident that a new institutional infrastructure for SMME development programming in post-apartheid South Africa is in place.

2.9. Government Interventions: Organizations assisting women in business

2.9.1. South African Women Entrepreneurs Network (SAWEN)

The Department of Trade and Industry has assisted by establishing a network of women entrepreneurs, called the South African Women Entrepreneurs Network or SAWEN. The organization was established in 2001 by the DTI.

SAWEN would amongst other things act as an advocacy organization on issues of how government can improve the regulatory environment for women in business (DTI, 2003: 4). SAWEN has now recruited some 2 000 members from all over South Africa. With a completed constitution and a business plan, SAWEN promises to link women entrepreneurs to business opportunities. Through SAWEN the DTI has successfully secured two strategic partners to support women entrepreneurs. These include the Johannesburg Security Exchange (JSE) to provide training to women on stock markets. Through the Africa Project Development Facility (APDF) SAWEN members will also be able to access business advice and non-financial support for the successful management of their enterprises (DTI, 2003:10).

2.9.2. Technology for Women in Business (TWIB)

The DTI has also formed a programme called the Technology for Women in Business (TWIB). TWIB is aimed at encouraging women to access and use technology in order to increase the strength of their business. Another intervention of the TWIB is to encourage young girls to enter the fields of science and technology. TWIB's long-term objectives are and will continue to be to increase the number of women entrepreneurs who are aware of, understand and apply technology for the development and growth of their services, products and enterprises. Through the support of the Council for Scientific and Industrial Research (CSIR), Ntsika and TWIB have worked towards attaining this objective by designing and delivering services that target women entrepreneurs involved in various sectors (DTI, 2003: 5).

2.9.3. Business Women's Association (BWA)

The BWA is a non-profit, voluntary organization committed to offering real value in the form of leading, training, connecting and supporting members and South African business. The organization helps business women to create connections on multiple dimensions – personal, professional and business – throughout their career. It also creates opportunities for women business owners to grow their businesses.

It acts as a lobby group on women's business issues, highlighting and publicizing not only the barriers to success that may still exist but also the many opportunities available to women in South Africa today (BWA, 2006: 1).

2.10. Enhancing the Role of Women in Economic Development

2.10.1. Constraints and Challenges

2.10.1.1. Constraints faced by women-owned small, medium and micro- enterprises

As women's issues were addressed in the broader economy, there was a need to understand the challenges and obstacles they encounter (Hendricks, 2003:3). Specific obstacles that women entrepreneurs face in starting and expanding SMME's include gender-based barriers in access to resources and their invisibility in many areas. Some of the barriers and constraints women encounter to set up and operate businesses includes the regulatory environment, women's lack of access to finance, training, education, cultural factors and family responsibilities (Commonwealth Secretariat, 2002: 27-29; Still and Timms, 2000:7; Fielden, Davidson, Dawe and Makin, 2003:158; Carlassare, 2001:165-167; African Development Bank, 1998:3; Van Der Merwe, 2003:7). The constraints and barriers women face in business will be discussed further. Thereafter some of the challenges they face will also be discussed.

- **The regulatory environment**

The regulatory environment includes government legislation which can have a constraining effect on women's enterprises (Wadula, 2005:1). In many developing countries legislation existed that limited women's contractual rights and their economic participation. Women were also excluded from the ownership of property, which limited their access to collateral for loan finance. In addition to these constraining factors, a high or complex administrative burden in establishing and sustaining a business has a greater and negative impact on women-owned businesses and sometimes pushes women into the informal sector (Hendricks, 2003:3; Currin, 2005:1; African Development Bank, 1998:3).



- **Education opportunities and education systems**

Education systems heavily influenced by our societal values and principles also play a major role in this constraint. Women's career choices from an early age are still directed towards the softer sciences and not those in business, science and technology. These career choices can later affect women's confidence in entering the business world and in starting an enterprise in what is perceived as being a male domain. Gender insensitivity in the mathematics and science curriculum at secondary and tertiary level has consistently discouraged women from entering these fields. The result is a shortage of skilled women in the technology intensive industries that are key to the success of an economy (Still and Timms, 2000:7; Fielden et al.,

2003:155; Business Women's Association (BWA), 2004:1; Hendricks, 2003:3-4).

- **Cultural factors, societal views and perceptions**

Cultural and societal values and perceptions continue to oppress women, particularly in South Africa. Cultural attitudes discourage women from taking risks in business and accessing information as well as preventing them from getting equal access to procurement opportunities. Certain negative cultural aspects in patriarchal societies make women more vulnerable to being victims of crime and gender based violence (McKay, 2001:48; Hendricks, 2003:4).

- **Access to training**

In many developing countries, and South Africa being a developing country as well, women on average have less access to education than men. Gender stereotypes, the prejudices of teachers, and the gender-based preferences of parents, and of girls themselves tend to channel girls and women into the more general and social rather than scientific or technical areas of education, as well as lead them to terminate formal education sooner than young men. As a result, women are educationally less well equipped to manage a business in the formal sense in general. Such disadvantages affect their capacity to access formal sources of credit, technical support and governmental small business programmes (Brush, Carter, Gatewood, Greene and Hart, 2004:1; Lee, 2004:3; Still and Timms, 2000:7; Hendricks, 2003:3-4)



- **Access to finance**

Access to finance is a key issue for women. Women find it more difficult to get financing from banks because they lack information on how to go about securing a loan, and because bank managers are more reluctant to lend to women than to men. In many countries they face unequal inheritance practices and laws, discriminatory laws on ownership of property or access to bank loans or discriminatory practices by banks (Williams, 2001:1; Currin, 2005:1; Ladzanil,2001:2; Still and Timms, 2000:7;Commonwealth Secretariat, 2002:27-29; Carlassare, 2001:165 -167; African Development Bank, 1998:3, Hendricks, 2003:3-4; Business Women's Association (BWA), 2004:1).

- **Family responsibilities**

Women's family responsibilities can often result in additional financial burdens, namely hiring a child minder or getting access to childcare facilities as well as increased household responsibilities. For example, a lack of affordable childcare facilities for young children creates an additional burden for the mother who would like to start her own business (Still and Timms, 2000:8; 2000:7; Fielden et al., 2003:158; Hendricks, 2003:3-4).



2.10.1.2. Challenges faced by women-owned small and medium and micro-enterprises

Building sufficient cash reserves to launch a business and managing subsequent fundraising are challenges for every entrepreneur, but they are particularly daunting tasks for women. Women often come up short of cash at start-up and, when they are ready to grow their businesses, they find that many would-be partners are not convinced that women have the necessary financial skills and management savvy (Brush, Carter, Gatewood, Greene and Hart, 2004:1; Carlassare, 2001:252; Fielden et al. 2003:158-159). During the start-up and development phases of their businesses, it seems that women tend not to use a deliberate approach, that is a management model characterized by a distinct and rational sequence of actions namely, the identification of opportunities, the setting of objectives for growth, the obtaining of resources, the production and marketing of goods/services and the articulation of a formally defined organizational structure (Bruni, Gherardi and Poggio, 2004:9). These are based on several different, but closely related, stereotypes about women, money, and financial management capabilities. They fall into three general categories:

1. Women do not invest sufficient capital in their own businesses. Either:
 - a) They can't.
 - b) They won't.

2. Women lack fundamental business skills and experience:

- a) They do not have strong math skills.
- b) They have little or no relevant financial experience.

3. Women are bad business risks because:

- a) They are risk-averse.
- b) They can't make tough decisions.

Whether or not they are true, these assumptions create significant barriers to success for women entrepreneurs who want to build large enterprises. If true, they might reflect fundamental problems in the educational and employment infrastructures rather than problems with women's capabilities and commitment (Brush, Carter, Gatewood, Greene and Hart, 2004:1; African Development Bank, 1998:3; Fielden et al., 2003:155).

Studies on the profiles of female entrepreneurs in Africa, show that most have a limited level of formal education and lack business experience (Woldie and Adersua, 2004:7; Ngau and Keino, 1996:45; Rutashobya, 1995:15). They mostly operate in low growth and traditionally female areas, namely trading and service businesses (Bhowan and Tewari, 1999:4; Saito, 1990:12; Osirim, 1992:2-3; Parker, Riopelle and Steel, 1995:4; Downing, 1995:177-195; Rutashobya, 1995:15), and the majority of their businesses are micro or small, young and home-based. These studies suggest that women in developing countries undertake economic activities that are compatible with their reproductive roles (Rutashobya, 1995:15), and tend to remain micro due to family obligations that

constrain their time and place a higher premium on stable business activities that can readily be managed in the home (Parker, Riopelle and Steel, 1995:4).

However, the phenomenon of women trading in service sectors is also true of women in other countries, namely the United Kingdom (UK) (Fielden et al, 2003:154). The majority of women business owners operate businesses in the service sector, whereas the majority of male business owners operate businesses in non-service sectors, particularly manufacturing (Fielden et al., 2003:154). Women active in the service sector is reflective of the educational system and the general environment. Thus women, especially those without managerial or business experience tend to be concentrated in micro businesses that have little growth potential (Fielden et al., 2003:154).

2.11. Motivation for start-up

2.11.1. Push and Pull Factors

The Global Entrepreneurship Monitor (GEM) (2004) report on women and entrepreneurship found that overall opportunity is the dominant motivation for women's entrepreneurship similar to men, but even so more women are involved in entrepreneurship because of lack of alternative job opportunities than men (Arenius, Langowitz and Minnitti, 2005:12). According to Ntsika 49% of all women in South Africa (SA) indicated that they started their businesses because of their own ideas. Among Africans, Whites and Coloureds, business start-up is

usually self-inspired. The tendency is that Indians are more influenced by family (Ntsika, 1999:60).

Addressing the female entrepreneur's personal motivations for initiating start-up activities has received significant attention in the entrepreneurial literature (Carter, 2000a:354; Carter, 2000b: 326-34) and is considered one of the key components for entrepreneurial success (Timmons and Spinelli, 2003:272). The literature often reveals various “push” and “pull” factors as motivators for business start-up (Alstete, 2003:222-34). The “push” or negative factors are associated with the necessity factors that force the female into pursuing her business idea. These can be redundancy, unemployment, frustration with previous employment, the need to earn a reasonable living and a flexible work schedule, reflective of the family caring role that is still expected from women (Alstete, 2003:34; Orhan and Scott, 2001:232-47). An overriding factor for women with domestic responsibilities was the belief that business ownership appeared the only way that they could make a sustainable living around other family commitments (Fielden et al., 2003: 152).

The “pull” or positive factors are those associated with factors of choice (Orhan and Scott, 2001: 232 - 47) and the desire for entrepreneurial fulfillment (Orhan and Scott, 2001: 232 - 47). These relate to independence, self-fulfillment, autonomy, self-achievement, being one's own boss, using creative skills, doing enjoyable work, entrepreneurial drive and desire for wealth, social status and power (Alstete, 2003:222-34; Orhan and Scott, 2001: 232-47, Robertson, Collins,

Medeira and Slater, 2003:310). Furthermore, it has been suggested in the literature that women are motivated by the social contribution their business can make to society (Orhan and Scott, 2001:232-47).

2.11.2. Global Entrepreneurship Monitor Report

The GEM 2004 report on women and entrepreneurship reports that 97% of the respondents in their study are involved in entrepreneurial activities for two primary reasons: opportunity and necessity. Opportunity entrepreneurship estimates the number of people who choose to start their business as one of several desirable career options, pointing to reasons that are positive in nature or positive pull factors (Arenius, Langowitz and Minnitti, 2005:18). The report also talks about “necessity entrepreneurship” that estimates the number of people who start their own business because other employment options are either absent or unsatisfactory. They found that the number of women who chose entrepreneurship because of necessity is concentrated in low-income countries like South Africa (Arenius, Langowitz and Minnitti, 2005:18). In recent years self-employment and home-based work have expanded opportunities for women’s participation in the labour force, but are characterized by lack of security, lack of benefits and low income (Arenius, Langowitz and Minnitti, 2005:18).

2.12. Potential and identified differences between male and female-owned businesses

Mukhtar (1998:41-51) examined the differences between male and female owner-managed small businesses in the UK, to try to establish whether female business owners constituted a distinct entrepreneurial group. Mukhtar (1998:41-51) focused on established businesses and found that male and female business owners have different motivations and make different choices, resulting in different business characteristics. Mukhtar (1998: 48) found that the decision-making of the two genders differed, concluding that they “exhibit different forms of entrepreneurialism”.

Sturges (1999:239-52) examined male and female managers' perceptions of career success through a series of interviews analyzed inductively to produce a grounded theory. The main findings were a collection of internal and external success criteria. The concept of doing a job well and enjoying what you do, having a sense of achievement and recognition from others, were all found to be success criteria personal to those interviewed. Although these were managers working within organizations and not entrepreneurs themselves, there is no reason to suspect the results from this study would be any different for entrepreneurs. Harada (2002:1-13) suggested that there was evidence an entrepreneur's previous experience in the industry, previous knowledge of the market and related business experience all have a positive effect on turnover.

Aldrich and Martinez (2001:41-55) agree that a certain amount of prior knowledge is required, either through training, experience or formal education.

2.12.1. Women and risk

The growth in female entrepreneurship literature is evidenced by the identification by Carter et al. (2001) of over 400 academic references on the subject. Carter et al. (2001:22) therefore argue that rather than their being a dearth of literature, the problem “is a clear lack of cumulative knowledge and a failure to date to adequately conceptualize and build explanatory theories.” This problem is compounded if one investigates a topic that similarly has an underdeveloped conceptualization – entrepreneurial risk. Yet risk theories have the potential to embrace several of the main themes categorized by Carter et al. (2001:22) such as motivations, start-up patterns and the management, performance and growth of SMME’s. What is more difficult to distil is the gender specific aspects of entrepreneurial risk.

2.12.2. Risk and new ventures

Simon et al. (2000: 114) argue that researchers such as, Boyd and Vozikis (1994:63-77), Krueger (1993:5-21), Krueger and Brazeal (1994:91-104) and Busenitz and Barney (1997:9-30), have “called for studies explaining why individuals decide to start companies, even though it is very risky”. As Simon et al. (2000:114) state: “Even if they do not have a high-risk propensity, individuals

who perceive less risk than others might unknowingly take risky action.” Similarly, Palich and Bagby (1995:425-38) argued that risk perception rather than propensity may explain venture start up. While Simon et al. (2000:114) focused on the economic aspects of risk, they suggest that future research should look at other aspects of risk. Social risks are highlighted in the work of Amit, Muller and Cockburn, 1995:95-106 and Birley and Westhead, 1994:7-31.

Other factors impact on risk perception, i.e. changes in employment status, and exposure to role models and access to business start-up advice (Amit et al., 1995:95-106). According to social learning theory, risk-taking behaviour can be seen as a learned behaviour, e.g. transmitted by parents or shaped by socio-cultural environment. McCarthy (2000:563-75) found that risk taking is not just a function of personality but seems to reflect organisational context and organizational history. McCarthy (2000:571) speculates that perhaps the solution is to “... distinguish between different types of entrepreneurs and to recognise that risk taking propensity may vary with time and tenure.” As the business develops and the entrepreneurs learn, the entrepreneurs’ risk perception may also alter. For McCarthy (2000:571), “Entrepreneurs may oscillate between risk prone and risk averse modes of behaviours over time.” For Stewart, Watson and Carland (1999:189-214) an awareness of an individual’s risk behaviour could help not only existing entrepreneurs in their business planning but also help potential entrepreneurs assess their suitability for entrepreneurship. The idea of suitability is also developed by Forlani and Mullins (2000:305-22) who argue that if individuals are aware of their own risk propensities they are able to determine

whether their assessments of new venture opportunities, are influenced by their propensity to take risks. This raises the issue that if propensities differ, as a result of say gender, and the entrepreneur is not aware of this, then a misguided assessment of the ventures' competitiveness may be made (Forlani and Mullins, 2000:305-22).

2.12.3. Sources of risk

If one takes the view that entrepreneurship is a risky activity (Busenitz, 1999:325-40; McCarthy: 2000:563-7; Van Praag and Cramer, 2001:54-62) the next question that arises is what is the source of the risk? There appears to be no consensus on where the seeds of risk are located. The essence of the problem is the range of variables at the macro, micro and individual levels that are potential influencers, as well as the need to recognize the process dimensions of entrepreneurship. The entrepreneurial process takes place against a backdrop of policies, structures and frameworks which may facilitate or inhibit entrepreneurship, e.g. the contextual setting will differ in terms of previous economic development, regional policies and local support mechanisms. The individual contextual factors include: family history and tradition of entrepreneurship, cultural influences relating to family and friends, family commitments and opportunities and educational opportunities. The individual characteristics influencing the propensity of the individual to engage and develop a career in entrepreneurship are the personal traits and characteristics such as attitudes to self-employment, risk-taking behaviour, age, self-confidence and

gender. These may be influenced by the individual contextual factors detailed earlier. Entrepreneurial processes would be contingent on the three other sets of elements. For example, the individual who originates from a background in which there is a strong tradition of entrepreneurship and family support may inherit the business or a part of an existing family business automatically (Busenitz, 1999:325-40; McCarthy: 2000:563-75; Van Praag and Cramer, 2001:54-62). While another individual may need to undertake more of the initial stages of setting up the business, including determining the opportunity, persuading oneself and others about the viability, and raising risk capital (Busenitz, 1999:325-40; McCarthy: 2000:563-75; Van Praag and Cramer, 2001:54-62). It may be suggested in SMME's, where there is a tendency for less division of labour along functional lines, that the link between the organizational and individual context is more pronounced.

The literature in the risk management field indicates that the primary sources of risk to the business organization may be categorised into exogenous (e.g. technology developments, changing consumer tastes) and endogenous (e.g. quality of internal financial control systems, effective management structures) (Busenitz, 1999:325-40; McCarthy: 2000:563-75; Van Praag and Cramer, 2001:54-62). The capability of the SMME internal decision making to manage and respond effectively to the information and change signals received will be determined by the endogenous factors. The preparedness of the decision-making unit to take risks may often be determined by the organization's financial position, as a firm being prepared to take greater risks when facing threats to its

survival (Busenitz, 1999:325-40; McCarthy: 2000:563-75; Van Praag and Cramer, 2001:54-62). Sparrow (1999: 123) argued that “Significant differences have been identified between the risk conceptions and practices of businesses and individuals.” These differences may for example be due to ethnic, gender, class or age differences. Sparrow (1999: 123) acknowledges the studies that have been undertaken but concluded “there are no studies of the holistic manner in which small firms’ owner-managers construe and manage risk.” The lack of a holistic paradigm means that components or facets of risk within the SMME context, e.g. “risk propensity” and “risk perception” need to be the starting point of any debate on risk sources and its management (Sparrow: 1999:23).



2.12.4. Gender-related attitude towards risk and entrepreneurship

It has often been left to other academic disciplines such as consumer decision making (Ward and Sturrock, 1998:327-36), psychology or gambling studies (Bruce and Johnson, 1994:183-98) to focus on women and risk, but again these studies often merely include rather than focus on women. Thus, as Brush (1998:155-68) found, the extent to which women create or manage differently with respect to SMME’s is not well understood and in the new venture creation process one of the processes is the appropriate management of risk (Brush, 1998:155-68). Moreover, gender, education (Stewart, Watson, Carland and Carland, 1999:189-214), age, industry sector, business size can all be seen as influencing risk propensity. Slovic (2000: xxxiv) posits that “Almost every study of risk perception has found that men seem to be less concerned about hazards

than are women.” Chung (1998:39-45) agrees, arguing that “... both the marketing and psychological literature suggest that men tend to make more risky judgements than women. This difference is seen as a result of differences in information processing styles, i.e. there is a difference in the approach to risk cues in that women assigned significantly more weight to risk cues” (Chung, 1998:39-45). Indeed, Chung (1998:39-45) found that in fact women tended to assign more importance to all cues than men, which offered direct support to the issues that women are more detailed information processors than men. She also discovered that women made significantly more risk averse judgements than men (Chung, 1998:39-45). This supports the work of Sexton and Bowman-Upton (1990:29-36) who found that although male and female entrepreneurs have similar traits, there are noticeable differences in risk taking.

2.12.5. Key determinants of social factors

Slovic (2000:402) concluded that sociopolitical factors could be key determinants of gender differences in risk perception. He also argues that the differences in risk perception could be linked to issues of power and influence or rather women’s lack of access to them. Slovic (2000:402) argues that “... differences in perceptions and attitudes point towards the role of power, status, alienation, trust, perceived government responsiveness and other sociopolitical factors in determining perception and acceptance of risk.” Similarly, Brush (1998:160) concluded that in all OECD countries “... women encounter social structures in work, family and social life that influence development of human and social

capital, different from their male counterparts. This argument is based on the premise that the entrepreneur starts with a set of endowments, both “human and social capital” (Brush, 1998:157). The influence of differences in these “endowments” (Brush, 1998:157) is explored by a number of authors.

Ljunggren and Kolvereid (1996:3-12) found there was no gender difference in regard to complying with social pressure concerning business start-up, but women perceived stronger social support at the start-up phase. Ljunggren and Kolvereid (1996:3-12) believe that this may be due to women spending more time building support for their idea and being reluctant to start before having social support or perhaps it is because it is the type of business that requires more support. Brindley and Ritchie (1999:112) also found that choice of business has been based on their previous work experience, which may indeed help to minimize the risk of venturing into completely uncharted territory with a new business. Furthermore, during the female entrepreneurs’ start-up phase the main source of support and assistance came from family and friends, i.e. trusted sources of help that the women had previously experienced. It would therefore appear that by choosing a familiar business activity and by relying on a network of family and friends perhaps women are sub-consciously minimizing the risk of the new business venture (Brindley and Ritchie, 1999:112).

2.12.6. Gender differences related to financial issues and access to capital

In Sexton and Bowman-Upton's (1990:34) paper female entrepreneurs scored significantly lower than male entrepreneurs on their risk-taking scale but were still higher than the risk-taking level recorded within the general public. "Although the risk taking scale was designed to measure four facets of risk (monetary, physical, social and ethical), it correlates with monetary risk". Sexton and Bowman-Upton (1990: 34) therefore conclude that female entrepreneurs "are less willing to get involved in situations with uncertain outcomes where financial gain is involved." Ljunggren and Kolvereid (1996:3-12), who as well as exploring motivations to start up a business, also investigated the respondents' experiences concerning profit and risk. In their findings, Ljunggren and Kolvereid (1996:3-12) found that women stressed autonomy reasons for starting a business more than men did, but no gender differences were found in regard to challenge, risk or profitability. Jones' (2000: 212) methodology also included a financial category "... to capture financial responses such as risk and capital concerns associated with self employment." Jones' (2000:213) findings revealed that male and female entrepreneurs have similar dispositions and did not differ in their "business opportunity wants" and posits that cultural differences may over-ride biological sex conditioning. Buttner's (1999:71) paper on business initiation fails to mention risk, but suggests that there may be gender differences in how businesses are initiated which may impact upon their success. One of the key differences appears to relate to access to capital. Buttner (1999:71) argues that starting with

a smaller capital base may disadvantage women SMME owners, as a lack of working capital is one of the biggest problems for start-ups. Indeed, this poorer capital base may be reflected in survival rates and subsequent growth opportunities. Jones (2000:207-17) identified that the most distinguishing concerns between genders were centered on enterprise location and growth opportunities. It could be argued that these categories in themselves may still be viewed as financial measures and what they perhaps more carefully reveal is the differences in the sources or types of risk between men and women.

2.12.7. Gender differences related to business growth

Cliff (1998: 525) cites authors who have shown that "... small business performance is influenced by the motivations, aspirations, and intentions of entrepreneurs." She identifies two contrasting viewpoints. Cliff (1998: 526) argues that "Women who lack relevant experience may question their ability to manage a quickly growing enterprise and may therefore purposely limit the expansion of their firms. Growth is after all a risk. A risk which may be financial or social and may come from exogenous or endogenous sources". For example, changes in the marketing environment may require growth to maintain a SMME's market position. Cliff (1998:525) identified that women regard growth as "very risky" because it would deter them from achieving their goal of developing an "... employer-employee relationship based upon trust and mutual respect". Cliff's (1998:531) findings showed that 13 per cent of her mixed gender sample believed external factors, e.g. economic conditions, were the reason for their lack

of growth. None of the women but a third of the men used this reason, which was a significant gender difference and Cliff (1998:35) believes it shows entrepreneurs wanted to grow but market conditions prevented this. She concluded that there are not any significant differences in whether men and women wanted to expand their firms, but there were significant differences in the way they wanted to grow. "Female business owners appear to be more careful and conservative, purposely striving for a controlled and manageable rate of growth" (Cliff, 1998:535). Cliff (1998: 535) goes onto argue that this "... deliberately chosen slower pace reflects a concern about the risks and negative outcomes associated with expanding too quickly. These risks and negative outcomes tend to be personal rather than economic, such as the belief that fast-paced expansion will place inordinate demands on the entrepreneur's time and energy." Cliff (1998:39) proposed that SMME's set business size thresholds and advocated further research to determine "... whether the observed gender differences reflect a true difference in the growth orientations of male versus female entrepreneurs, or merely a difference in the rhetoric used by men and women to describe their attitudes towards expansion" (Cliff, 1998: 539).

2.13. Conclusion: Comparing women and men - a fair comparison?

An exploration of the rhetoric used is supported by Mirchandani (1999: 225) who contends that "Much of the literature on women and entrepreneurship does not address the consequences of adapting theories of entrepreneurship, developed

through the analyses of men's lives, to the experiences of women." For Mirchandani (1999: 227) it is certain that structures "... support, perpetuate and even create gender differences." Mirchandani (1999:225) suggested that it appears it is women that have to adapt in order to equalise rather than defy the structures. Yet, for Mirchandani (1999: 228) "... it is a pity that despite the research to date the focus remains on individualistic strategies that allow women to mimic the male norm." Adopting this viewpoint suggests that what is required is an understanding of the semantics used by men and women before making assumptions and to explore the influence these definitional cues have on behaviour. According to Mirchandani (1999:225) the focus of literature has been in comparing men and women in terms of entrepreneurship. Mirchandani (1999) summarises that some studies have found little differences between men and women entrepreneurs in terms of motivation, departure point or personality. Similarly, Koh's (1996:12-25) findings illustrated that those who were entrepreneurially inclined had a greater risk propensity but there were no significant sex differences. Whether this is because the profile of women entrepreneurs would move closer to men or because the comparative parameters are flawed is still being debated. If one accepts that "... gender, occupation and organizational structure mutually influence one another in women's experiences of small business ownership" (Mirchandani, 1999: 225) then what is required is research that "... develops approaches which are able to document gender differences without obscuring all other points of difference amongst entrepreneurs" (Mirchandani, 1999: 229).

There are many issues around entrepreneurship that would affect both male and females. Some factors have been identified namely internal and external factors, industry structure and competition, employee relations, organizational culture, sales and marketing and networking. Others are more speculative though plausible. The following table outlines the general factors as they emerged in this literature review.

Table 1: Some factors affecting entrepreneurs

Factors that affect entrepreneurs in general	Factors that affect women	Factors that affect men
Industry structure and competition	Family responsibilities	Economic conditions
Employee relations	Access to finance	Growth opportunities
Entrepreneurial objectives	Education and training	
Organizational culture	Cultural factors	
Financial resources	Financial skills	
Personality traits	Longer incubation period	
Management skills	Own use of capital	
	Grow business at slower pace	

CHAPTER 3: RESEARCH DESIGN, METHODOLOGY, DATA PRESENTATION

3.1 Introduction

This chapter covers the research design, methodology, and data collection procedures employed in this research project and presents the data secured by means of the survey designed. Details of the survey research, survey population and sampling method, research instrument, administration and data gathering process, analysis of data including the various programmes and statistical techniques utilized in this study are discussed.

This chapter includes findings of the e-mail survey that includes open-ended questions and the telephone survey. Questionnaires were sent to approximately 350 women, of which only 30 responded to the e-mail questionnaire and only 14 responded to the telephone questionnaire. The rationale behind developing a telephone questionnaire was due to the poor response received from the e-mail questionnaire. Graphical and tabulated analysis, together with detailed commentary will form the backbone of the data presentation.

3.2 Reasons for the study

The contribution women-owned businesses make to economic prosperity and social wealth has been increasingly recognized by the governments of most developed economies. A number of women are looking to entrepreneurship as they leave large corporations in an attempt to escape corporate politics, sexist attitudes and a stifling work environment to become entrepreneurs and business owners. However many face substantial problems in starting businesses and sustaining them.

It is generally accepted that business start-up is difficult for both men and women, the reason for undertaking this study is to ascertain the problems that various women experience in having their own businesses, the support they receive, and how they sustain their businesses. If female entrepreneurs are to make a significant contribution to the economies of the world, it is crucial that all stakeholders pay attention to the factors hindering the progression of such enterprises and attempt to encourage an environment more conducive to women being successful in their endeavours.

3.3 Research design and methodology

3.3.1 Research design

Many of us have a clear-cut impression of what differentiates qualitative enquiry from quantitative. This traditional view is that quantitative enquiry examines data which are numbers, while qualitative enquiry examines data which are narrative (Easterby-Smith, Thorpe and Lowe: 1991:101; Hyde: 2000:82). Inherent in this dichotomy is the view that quantitative enquiry generally adopts a deductive process, while qualitative enquiry generally adopts an inductive process. While this distinction is true in general, it will be argued that this does not fully nor accurately describe the processes adopted by quantitative and qualitative researchers in practice. The traditional view is that quantitative researchers subscribe to a “positivist” paradigm of science, while qualitative researchers subscribe to a “relativist” paradigm. Guba and Lincoln (1994:105; Hyde: 2000:82) argue that the choice of research paradigm, rather than the choice of research method is the overriding concern: “Although [this] . . . implies that the term qualitative is an umbrella term superior to the term paradigm (and, indeed, that usage is not uncommon), it is our position that it is a term that ought to be reserved for a description of types of methods”. Both qualitative and quantitative methods may be used appropriately with any research paradigm (Hunt, 1991:89 Guba and Lincoln, 1994:105). Qualitative research is a generic term for investigative methodologies described as ethnographic, naturalistic, anthropological, or participant observer research. It emphasizes the importance

of looking at variables in the natural setting in which they occur. Qualitative research methods were developed in the social sciences to enable researchers to study social and cultural phenomena (Berry: 1998:1; Fitzgerald and Grant: 2005:2). The central concerns of interpretative qualitative research paradigms are to understand human experiences at a holistic, interconnected and process level. Researchers who follow this way of looking at knowledge make sense of the complexities intertwined in these experiences and attempt to extract their significances (Berry: 1998:1; Fitzgerald and Grant: 2005:2).

Saunders, Lewis and Thornhill (2000:93) state that surveys are popular because they allow the collection of data from a sizeable population in a highly economical way. The survey approach is also easily understood and gives the researcher more control over the research process (Saunders, et al., 2000:94). The survey was thus chosen as the research approach for this study. The survey comprised of two parts. The first part was where the original questionnaire was distributed via e-mail to the respondents. Due to the poor response the second part of the survey comprised of a short telephone questionnaire. The vast majority of the questionnaires in this study were e-mailed to prospective respondents. The telephone interview constituted a minor part of the survey.

The e-mail (online) method was chosen, as it is a convenient and quick way (Schaefer and Dillman, 1998:1; Sheehan and Hoy: 1999:2-6) of communication and its usage is already almost universal (Mann and Stewart, 2000:69). E-mail also offers substantial savings, as it eliminates paper and is cheap to send (Mann

and Stewart, 2000:71; Smith, 1997:107; McCullough, 1998:36-9; Sheehan and Hoy: 1999:2-6). The email comprised of the covering letter which explained the reason for the survey and the questionnaire followed thereafter. Responses were requested by either e-mail or fax. Most responses were received via e-mail. It was assumed that e-mail was convenient for the respondent and that respondents all had access to the program (MS Word). It was also a method chosen because it required no additional facilities and probably only slightly more technical ability on the part of the respondents than that which was used in their daily operations.

In an experimental study carried out by Schaefer and Dillman (1998), it was found that e-mail responses were more complete, especially for open-ended questions, and the e-mail survey achieved much longer responses to open-ended questions than the paper version. They concluded that the study suggests the viability of a standard e-mail method based on techniques found successful in mail survey research (Schaefer and Dillman; 1998:392), though they recommend that it be combined with paper methods in a mixed-mode design to ensure that respondents who do not have (or do not wish to use) e-mail are not excluded.

3.3.2 Research Methodology

3.3.2.1 Survey population and survey sample: the e-mail survey

As there is no comprehensive national listing or regional listing of women business owners, the Businesswomen's Association (BWA) of South Africa, and the Department of Trade and Industry were approached to ascertain the possibility of acquiring access to their databases or mailing lists of female entrepreneurs. The survey commenced at the beginning of July 2006.

The CEO of the Business Women's Association was very co-operative and requested her team to provide names, and e-mail addresses of the women business owners. However, the researcher was provided with names of all the top performers in the regions, but was not provided with a comprehensive list. The BWA co-coordinator in Gauteng distributed the questionnaire to other women included in their database. The Department of Trade and Industry, also very co-operative, provided a list with women organizations namely: South African Women Entrepreneurs Network (SAWEN), Technology for Women in Business (TWIB), Women in Oil and Energy (WOESA), and South African Women in Construction (SAWIC). Not all the organizations were co-operative, and some could not provide details of women entrepreneurs, while others did not help at all. The most co-operative was the South African Women Entrepreneurs Network (SAWEN) and the Business Women's Association.

The BWA provided a list of women who could be contacted and who did not mind being contacted. The list consisted of approximately 60 women. The coordinator of the Gauteng branch then distributed the questionnaire to the other women in their database. As the complete database of the BWA was not available to the researcher, it was not possible to ascertain the number or percentage of women to whom the questionnaire was distributed to.

Most of the female entrepreneurs listed in the BWA had e-mail addresses and telephone numbers. The list of female entrepreneurs received from SAWEN, also included e-mail addresses, phone number and fax numbers. SAWEN in Gauteng did not provide the researcher with a list of women; however the organization agreed to distribute the questionnaire to the women in their database. SAWEN in Kwa-Zulu Natal was also contacted and the researcher was provided with a list of women who could be contacted via e-mail and telephone. The list comprised of 93 respondents. Most of the respondents had e-mail addresses and contact numbers. The questionnaire was distributed via e-mail and follow up was conducted telephonically and via e-mail as well.

The Technology for Women in Business did not provide a database to the researcher and also agreed to distribute the questionnaire. TWIB had distributed to approximately 50 women. Follow up was conducted weekly with all the coordinators who distributed the questionnaires and almost daily towards the latter part of the survey. A total of thirty questionnaires were eventually received towards the end of September 2006.

3.3.2.2 Survey population and survey sample: the telephone survey

A telephone survey was drawn up in a much more shortened format to make the process more manageable. An example is included in the appendices. The purpose of compiling a telephone survey was due to the poor response received from the e-mail survey. The intention was to get a better response from the women entrepreneurs by explaining to them that the telephonic interview will only take a few minutes. The response was fair overall and helped to increase the response rate by an additional fourteen.

For the telephone survey the BWA and SAWEN were contacted to provide a list of women who had not been contacted before to prevent duplication. Of the 60 names that were provided to the researcher from the BWA, those that had not responded were contacted. Of the 60 only 20 had responded to the questionnaire, so the other 40 were contacted telephonically. One would think that the telephone survey would perhaps be an easier and more convenient route to explore, however it was not the case. Some respondents were willing; other others were busy and could not accommodate telephone calls.

SAWEN in Gauteng provided a list of women who did not mind being contacted and who did not respond to the initial questionnaire distributed. A list of approximately 8 names was provided to the researcher. The database that SAWEN Kwa-Zulu Natal had provided was also used to conduct the telephone

questionnaire. The telephone survey commenced at the beginning of September 2006 and was completed towards the end of September 2006. A total of 14 telephone questionnaires were eventually completed at the end of September.

The majority of the responses were received via e-mail while others were conducted telephonically. Of the original questionnaire 30 were received and of the telephones survey 14 were successfully completed, leaving a total of 44 questionnaires. The researcher contacted 48 women for the telephone survey and 150 for the original questionnaire. Approximately 200 women were contacted by SAWEN, BWA and TWIB.

Table 2: Survey population and sample

METHOD	POPULATION	QUESTIONNAIRES COMPLETED (REALIZED SAMPLE)
E-mail survey	350	30
Telephone questionnaire	48	14
TOTAL	348	44

3.4 Realization of data

The survey method (e-mail) method used in this study had certain limitations as listed below. In addition to this, getting a response from the women was challenging, *as there was little or no commitment*. Very few organizations were willing to assist. The one particular organization refused to assist, as their belief was that when asked for help previously they had to be willing to but were not prepared to this time round as they were in a poor state of affairs trying to

survive, with very little finance. Basically they were not prepared to go the extra mile to assist the researcher. However, much credit goes to the Business Women's Association and the South African Women Entrepreneurs Network. These organizations and most of their women have been phenomenal and were willing to assist.

The limitations experienced, were as follows:

- As e-mail was the principal method used for the distribution and the collection of data, the respondents are representative of women who have access to e-mail, thereby creating a problem of the "haves" and "have-nots".
- The list of e-mail addresses were personal as well as business addresses. The questionnaire was addressed to the entrepreneur, and it was assumed that the e-mail responses were coming from the appropriate person as a number of individuals in a business setting may have access to the same e-mail address. The appropriateness of the respondent could however not be verified and the response had to be taken at face value.

In addition to the above, the format for reply is completely under the control of the individual and cannot be imposed by the researcher (Mann and Stewart, 2000:67). This is evident when the respondents were requested to mark responses in the appropriate allocated boxes, and some respondents highlighted the numbers for the responses instead of

marking with an X. For example, a question was asked and the respondents were asked to mark an X in any one of options 1 to 6. They highlighted 6 for example.

- The data gathering process was fairly methodical but was complicated by some women who responded from e-mail addresses to which the questionnaires were not sent. This made tracking some of the responses quite difficult. It is assumed that in these instances, the respondent may have received the questionnaire at the business e-mail address , but due to time constraints in the workplace, the entrepreneur may have opted to complete the questionnaire at home or from an alternative address and forwarded the questionnaire from this particular address. Many of these were verifiable, as some respondents also forwarded their contact details in the response e-mail, which could be followed up on, while other women receiving follow up e-mails advised that their questionnaires had already been submitted.
- The other problem experienced is that a few women, upon sending their responses through, had omitted their attachment. Some followed through immediately and one in particular did not respond again, despite several follow up e-mails.

3.5 Data Presentation

3.5.1 Introduction

The field work of the research commenced in the beginning of July 2006 and terminated at the end of September 2006. The questionnaires were distributed via e-mail, as it is a convenient and easy means of communication. Most respondents had e-mail addresses and preferred this means of communication. Due to their hectic schedules and overseas travel, the respondents could not accommodate personal interviews. The response rate was slow as many had commitments, personal deadlines to honour and travel.

3.5.2 Sector under which business operates

With reference to Table 3, the respondents in the study were asked to indicate which sector their businesses operated in. Some 33.3% indicated that they operated in the Micro-enterprise sector, 56.7% indicated they operated in the Small enterprise sector and 10% indicated that they operated in the Medium enterprise sector. The purpose of including this question was to find out which sector of the SMME sector most women operated in, as generally women operate in very small enterprises (micro) and tend not to grow their businesses (Rutashobya, 1995:15; Fielden et al., 2003:154).

Table 3: Sector in which business operates: e-mail survey

Sector	Frequency	Percent	Cumulative Percent
Micro enterprise - less than 5 employees	10	33.3	33.3
Small enterprise - between 5 and 50	17	56.7	90.0
Medium enterprise - between 51 and 200 employees	3	10.0	100.0
Total	30	100.0	

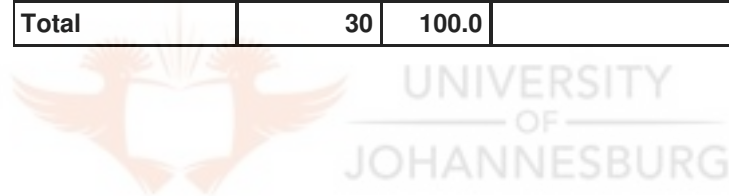
3.5.3 Duration of operation of current business

As reflected in Table 4, 50% of the businesses have been in operation for 5 years or less, and this can be described as a relatively young business. This was followed by 26.7% who have been in operation between 6 to 10 years exhibiting growth and stability. Only 13.3% have been in operation between 16 to 20 years, so this can be considered a well accomplished and developed business. In the categories 11 – 15 years, 21 – 25 years and more than 25 years, 3,3% of the women respectively indicated that they have been in existence for that duration of time. Studies indicate that the survival rate of SMME's is relatively low, as less than half of newly-established enterprises survive beyond the first five years. This is not only true of South Africa, but it is also a common phenomenon in the rest of the world. Problems encountered by SMME's worldwide are numerous and range from financial and market-related issues to issues in the macroeconomic environment within which businesses have to operate (Ligthelm and Cant, 2002: vii; Dockel and Ligthelm, 2002: 2).

It is important that women entrepreneurs in the SMME sector are able to sustain themselves, and not fail within the first few years of operation. Perhaps a way to ensure that the failure rate of SMME's is low in future could be the provision of basic skills and education.

Table 4: Duration of business operation

Duration	Frequency	Percent	Cumulative Percent
5 yrs or less	15	50.0	50.0
6 - 10 yrs	8	26.7	76.7
11 - 15 yrs	1	3.3	80.0
16 - 20 yrs	4	13.3	93.3
21 - 25 yrs	1	3.3	96.7
More than 25 yrs	1	3.3	100.0
Total	30	100.0	



3.5.4 Business ownership prior to owning current business

In this question interestingly 70% of women had no prior business other than the current business and 30% of the women owned businesses prior to the current business. Studies on the profiles of female entrepreneurs show that most have a limited level of formal education and lack business experience (Woldie and Adersua, 2004:7; Ngau and Keino, 1996:45; Rutashobya, 1995:15). Research done in South Africa on the difficulties encountered by women in the SMME sector revealed that women displayed a general lack of business skills and knowledge since many of them had no formal training and experience in business management (Garrun, 2004: 1; Milpark Business School, 2001: 3;

Commonwealth Secretariat, 2002: xvi – xvii). One can attribute the poor performance of women-owned SMME's to their limited exposure to business and the lack of all the necessary skills that are important to business success. Women in South Africa are still relatively new when it comes to business ownership. It is only over the last ten years or so that women-owned businesses have become prominent. Their challenges are far greater in business as opposed to men for example, who have dominated the SMME sector over the years. The importance of this question is to ascertain the percentage of women who owned businesses previously. The success of one in business can also be based on past experiences and lessons learnt as well.

Table 5: Business ownership prior to current business

Answer	Frequency	Percent	Cumulative Percent
Yes	9	30.0	30.0
No	21	70.0	100.0
Total	30	100.0	

3.5.5 Operation of business

The following table (6) revealed that 36.7% of the respondents had rented space and 33.3% had their own business property. Those who operated their business from home constituted 26.7% of the respondents. As getting access to finance is still an issue for most women, it can be understood that many women will operate their business from home, especially if it is a micro enterprise with five or less employees. More importantly this will also reduce overhead costs.

Table 6: Venue of business operation

Venue of operation	Frequency	Percent	Cumulative Percent
Home	8	26.7	26.7
Rented space	11	36.7	63.3
Own business property	10	33.3	96.7
Other	1	3.3	100.0
Total	30	100.0	

3.5.6 Industry in which business operates

As shown in Table 7, majority of the women in this study operated in the Communications, Education, Training (16.7%) and Hospitality, Travel and Tourism (16.7%) sectors. Advertising, Marketing, Sales and Public Relations was the next highest industry that women in this study operated in (13.3%). Studies have indicated that women generally operate in service sectors and that this is not only true of South Africa but also true in other countries as well.

Women operate predominantly in service industries largely due to family obligations and the general environment (Fielden et al, 2003:154; Parker, Riopelle and Steel, 1995:4). Very few women operate in manufacturing industries whilst men are quite dominant in this particular sector. Not many studies focus on the industries that women choose to operate in and it would be an interesting study to investigate the reasons why women do not operate much in non-service sectors like Manufacturing, Construction and Technology industries.

Table 7: Industry of business operation

Industry	Frequency	Percent	Cumulative Percent
Advertising, Marketing, Sales and Public Relations	4	13.3	13.3
Beauty, Fashion, Art, Design and Decor	2	6.7	20.0
Communications, Education, Training	5	16.7	36.7
Finance, Insurance and Commerce	1	3.3	40.0
Government/Public Services	1	3.3	43.3
Health and Medical	1	3.3	46.7
Hospitality, Travel and Tourism	5	16.7	63.3
Human Resources and Personnel	2	6.7	70.0
Information Technology and Computers	1	3.3	73.3
Manufacturing and Heavy Industry	1	3.3	76.7
Property, Architecture and Quantity Surveying	2	6.7	83.3
Transport and Freight	1	3.3	86.7
Other	4	13.3	100.0
Total	30	100.0	

3.5.7 Age group of respondents

The respondents in the study indicated that 46.7% belonged to the 41 – 45 years age group, and 20 % belonged to the 46 – 50 year age group. Ten percent indicated that they belonged to the 36 – 40 year age group. In the 31 – 35 year age group and the over 50 year’s only 6.7% respectively belonged to this group. This finding has been particularly interesting, as a larger percentage (46%) belonged to the 41-45 year age group and a very small percentage to the 31- 35 year age group. With the opportunities available to women these days in South Africa one would think that a great percentage of the sample would belong to the younger age categories.

Table 8: Age group

Age		Frequency	Percent	Cumulative Percent
	31 - 35 yrs	2	6.7	7.4
	36 - 40 yrs	3	10.0	18.5
	41 - 45 yrs	14	46.7	70.4
	46 - 50 yrs	6	20.0	92.6
	Over 50 yrs	2	6.7	100.0
	Total	27	90.0	
Missing	System	3	10.0	
Total		30	100.0	

3.5.8 Level of education

In this study 46.7% of the respondents indicated that they had a Post-matric Diploma or certificate and 30% of the respondents had Post-graduate degrees. The respondents that had Baccalaureate Degrees were 13.3% and 6.7% had only Grade 12 or Matric. Only one respondent did not indicate her level of education. There has been much debate about whether education does play a large role in business success. Arguments like “are entrepreneurs born or made” lends itself to much controversy, as some famous entrepreneurs like Richard Branson, for example, is known as an entrepreneur who has not completed his high school studies and has excelled in his entrepreneurial career. On the other hand, some businesses fail due to the lack of fundamental business education and skills and most importantly understanding the financial aspect of a business.

A survey conducted on the Business Success Factors of SMME's in Gauteng revealed that some of respondents without a formal management qualification maintain the view that business skills are not lacking in their business. A larger percentage of those without a management qualification agreed that the lack of managerial and training skills impacted negatively on the success of their business (Ligthelm and Cant, 2002: 25).

Table 9: Level of education

	Education	Frequency	Percent	Cumulative Percent
	Grade 12 (Matric, std 10)	2	6.7	6.9
	Post-Matric Diploma or certificate	14	46.7	55.2
	Baccalaureate Degree(s)	4	13.3	69.0
	Post-Graduate Degree(s)	9	30.0	100.0
	Total	29	96.7	
Missing	System	1	3.3	
Total		30	100.0	

3.5.9 Access to finance in starting the business

In the following table (10) respondents were asked to state how they accessed their finances to start their business. Fifty percent said that they did not utilize Khula Credit Guarantee Scheme, while 50% did not respond. With regards to the Commercial Banks, 36.7% said that they did utilized Commercial Banks for finance when they started their business, while 13.7% stated that they used Commercial Banks. Of the respondents in this study, 23.3% accessed finance from family to start their business. When asked how many of the respondents utilized their own finances to start their business, 56.7% said that they utilized this “to a great extent”.

Most respondents utilized their own finances for business start-up. Commercial Banks and other financial institutions were not utilized to a great extent to access finance. In any business start-up, the initial phases are generally quite capital intense and it would seem appropriate to get finance during this phase. If women

entrepreneurs did not access finance from any bank or financial institution due to difficulties experienced in qualifying for finance, measures need to be put in place to eliminate this problem for women.

Table 10: Access to finance

Financial Resources	To no extent	To a moderate extent	To a great extent	No response
	%	%	%	%
To what extent have you utilized each of the following to access finance TO START your current business? - Khula Credit Guarantee Scheme	50.0%			50.0%
To what extent have you utilized each of the following to access finance TO START your current business? - Khula Micro Credit Outlets	46.7%			53.3%
To what extent have you utilized each of the following to access finance TO START your current business? - Khula Retail Financial Intermediaries	46.7%			53.3%
To what extent have you utilized each of the following to access finance TO START your current business? - Land Bank	46.7%			53.3%
To what extent have you utilized each of the following to access finance TO START your current business? - Sizanani Scheme	46.7%			53.3%
To what extent have you utilized each of the following to access finance TO START your current business? - Zimele	46.7%			53.3%
To what extent have you utilized each of the following to access finance TO START your current business? - Business Partners (formerly SBDC)	46.7%			53.3%
To what extent have you utilized each of the following to access finance TO START your current business? - Commercial Banks	36.7%	13.3%	6.7%	43.3%
To what extent have you utilized each of the following to access finance TO START your current business? - Industrial Development Corporation (IDC)	46.7%		3.3%	50.0%
To what extent have you utilized each of the following to access finance TO START your current business? - Development Bank of South Africa	46.7%	3.3%	3.3%	46.7%
To what extent have you utilized each of the following to access finance TO START your current business? - Financial assistance from family	23.3%	6.7%	23.3%	46.7%
To what extent have you utilized each of the following to access finance TO START your current business? - Own finances	6.7%	16.7%	56.7%	20.0%
To what extent have you utilized each of the following to access finance TO START your current business? - Use of retrenchment package	33.3%	6.7%	10.0%	50.0%
To what extent have you utilized each of the following to access finance TO START your current business? - Other	26.7%			73.3%

3.5.10 Access of finance for current business

In this question respondents were asked to state which institution they utilized to finance their current business. When asked about Khula Credit Guarantee Scheme, 43.3% of the respondents said that they “to no extent” utilized this financial institution, and 56.7% did not respond. Forty percent of the respondents said that they “to no extent” utilized Khula Micro Credits Outlets for finance, 3.3% said that they used them to a moderate extent and 56.7% did not respond.

For the Commercial Banks, 33.3% stated “to no extent” had they utilized the banks, while 20% said to a moderate extent. With regards to the use of own finances for the current business, 46.7% said that they used their own finances to a great extent. It is clear that most respondents did not make much use of the financial institutions for financing their current business. Many of the respondents though did make use of their own finances for their business. One would assume that the women entrepreneurs are aware of the institutions that offer finances as it is part of a business start-up process to explore the various institutions that will offer financial assistance. There could also be other reasons as to why many of these women did not use or get financial assistance from the various institutions. Perhaps commercial banks and other financial institutions have very strict policies in place when it comes to financial loans for business purposes. The other reason could be that some women did not have sound business plans and this could have been a reason for not qualifying. Whatever the reason, banks and financial institutions should be more accommodating to

women in business and if women do not qualify for loans due to poor business plans, perhaps more education should be offered to aspiring and current women entrepreneurs.

Table 11: Finance for current business

Financial Resources	To no extent	To a moderate extent	To a great extent	No response
	%	%	%	%
To what extent do you CURRENTLY utilize each of the following to access finance for your current business? - Khula Credit Guarantee Scheme	43.3%			56.7%
To what extent do you CURRENTLY utilize each of the following to access finance for your current business? - Khula Micro Credit Outlets	40.0%	3.3%		56.7%
To what extent do you CURRENTLY utilize each of the following to access finance for your current business? - Khula Retail Financial Intermediaries	43.3%			56.7%
To what extent do you CURRENTLY utilize each of the following to access finance for your current business? - Land Bank	43.3%			56.7%
To what extent do you CURRENTLY utilize each of the following to access finance for your current business? - Sizanani Scheme	43.3%			56.7%
To what extent do you CURRENTLY utilize each of the following to access finance for your current business? - Zimele	43.3%			56.7%
To what extent do you CURRENTLY utilize each of the following to access finance for your current business? - Business Partners (formerly SBDC)	43.3%			56.7%
To what extent do you CURRENTLY utilize each of the following to access finance for your current business? - Commercial Banks	33.3%	20.0%	6.7%	40.0%
To what extent do you CURRENTLY utilize each of the following to access finance for your current business? - Industrial Development Corporation (IDC)	40.0%			60.0%
To what extent do you CURRENTLY utilize each of the following to access finance for your current business? - Development Bank of South Africa	43.3%			56.7%
To what extent do you CURRENTLY utilize each of the following to access finance for your current business? - Financial assistance from family	26.7%	3.3%	13.3%	56.7%
To what extent do you CURRENTLY utilize each of the following to access finance for your current business? - Own finances	13.3%	10.0%	46.7%	30.0%
To what extent do you CURRENTLY utilize each of the following to access finance for your current business? - Use of retrenchment package	40.0%		3.3%	56.7%
To what extent do you CURRENTLY utilize each of the following to access finance for your current business? - Other	23.3%			76.7%

3.5.11 Advice received from various organizations

Responses relating to advice received from various organizations are presented in Table 12. In responding to the questions concerned as to which organization they sought advice from when starting their business, 20% said that they received advice from the Business Woman's Association (BWA) and the South African Women Entrepreneurs Network (SAWEN) respectively. Eighty percent also stated that they used "OTHER" organizations for advice, but have failed to mention the names of the other organizations. The respondents did not use any of the following organizations for seeking advice when they started their business: Ntsika Enterprise Promotion Agency, Business Development Services, Local Business Support Centre, Manufacturing Advice Centre's and Technology for Women In Business.

The Business Women's Association and SAWEN stood out amongst all the other organizations that the women accessed for non-financial support. These organizations were the most helpful as well as when it came to offering assistance for the empirical part of the research. It is astonishing that the government initiated projects namely NTSIKA, Technology for Women in Business and Local Business Support Centres were not used by the women entrepreneurs. With these organizations in place offering non-financial support, they should in fact be frequently accessed by women entrepreneurs, but this is clearly not the case. It could be a question of these organizations not marketing themselves enough so as to create awareness or it could be various other

reasons that these organizations have not been frequently accessed for non-financial support and advice.

Table 12: Organizations offering non-financial support

Organizations offering non-financial support	Not marked	Marked
	%	%
From which of the following organizations did you seek advice from when starting your business? - Ntsika Enterprise Promotion Agency	100.0%	
From which of the following organizations did you seek advice from when starting your business? - Business Development Services (BUDS)	100.0%	
From which of the following organizations did you seek advice from when starting your business? - Local Business Support Centres (LBSC)	100.0%	
From which of the following organizations did you seek advice from when starting your business? - Manufacturing Advice Centres (MAC's)	100.0%	
From which of the following organizations did you seek advice from when starting your business? - Business Women's Association (BWA)	80.0%	20.0%
From which of the following organizations did you seek advice from when starting your business? - South African Women Entrepreneurs Network (SAWEN)	80.0%	20.0%
From which of the following organizations did you seek advice from when starting your business? - Technology for Women in Business (TWIB)	100.0%	
From which of the following organizations did you seek advice from when starting your business? - Other	80.0%	20.0%

3.5.12 Difficulties experienced with business start-up

With reference to Table 13, 43.3% of the respondents said that they did not experience any general lack of business skills and knowledge, 26.7% said that they experienced this difficulty to a moderate extent, 10% said to a great extent and 20% did not respond. Thirty percent of the respondents also said that they did not experience any difficulty with inadequate access to credit facilities and finance. Of the other respondents, 13.3% said they had inadequate access to credit facilities and finance, and 33.3% said they experienced this problem to a great extent. When asked about societal views and societal perceptions, 43.3% stated that they experienced no difficulty in this regard. Thirty percent of the respondents also stated that they experienced problems balancing work and home life.

The empirical study indicates that the greatest difficulties experienced by the women in business are balancing home and work life and inadequate access to finance and credit facilities. This phenomenon was a problem in the past and has not changed much over the years. Government has put measures and institutions in place to make the environment more conducive for the women in the SMME sector, like financial institutions, non-financial institutions offering advice and support, as well as child care facilities. The government, through the Department of Trade and Industry (DTI), established the Center for Small Business Promotion (CSBP) at National level. This Center gave birth to Ntsika Enterprise Promotion Agency and Khula Enterprise Finance Limited. These are

the main statutory bodies established to support and assist SMMEs (Ladzanil, 2001:4; Valodia, 2000:10; Ladzanil, 2001:4-8). With all these bodies in place, women in the SMME sector should be experiencing some sort of support and assistance. If this is not the case perhaps further investigation should be embarked upon to identify any gaps and problem areas.

Table 13: Difficulties experienced

Difficulties in business	To no extent	To a moderate extent	To a great extent	No response
	%	%	%	%
To what extent did you experience each of the following difficulties when you STARTED your business? - A general lack of business skills and knowledge	43.3%	26.7%	10.0%	20.0%
To what extent did you experience each of the following difficulties when you STARTED your business? - Difficulty in balancing home and work life	30.0%	30.0%	30.0%	10.0%
To what extent did you experience each of the following difficulties when you STARTED your business? - Inadequate access to credit facilities and finance	30.0%	13.3%	33.3%	23.3%
To what extent did you experience each of the following difficulties when you STARTED your business? - Limited financial experience	10.0%	56.7%	16.7%	16.7%
To what extent did you experience each of the following difficulties when you STARTED your business? - The regulatory environment - including government legislation	20.0%	50.0%	10.0%	20.0%
To what extent did you experience each of the following difficulties when you STARTED your business? - Cultural factors	46.7%	20.0%	10.0%	23.3%
To what extent did you experience each of the following difficulties when you STARTED your business? - Societal views and societal perceptions	43.3%	10.0%	23.3%	23.3%
To what extent did you experience each of the following difficulties when you STARTED your business? - Remaining abreast of market trends and opportunities	26.7%	36.7%	13.3%	23.3%
To what extent did you experience each of the following difficulties when you STARTED your business? - Access to financial and investment advice	26.7%	26.7%	23.3%	23.3%
To what extent did you experience each of the following difficulties when you STARTED your business? - Access to business advisors and mentors	20.0%	36.7%	33.3%	10.0%

3.5.13 Reasons for starting the business

The following are responses about some of the reasons for starting their business:

- 63.3% said they did so to achieve personal independence;
- 66.7% started their business to pursue personal ambition;
- 70% started their business to achieve financial independence;
- 86.7% started their business to achieve personal growth.

Some of the main reasons that the women entrepreneurs started their business was to achieve personal independence, to pursue their ambition, to achieve financial growth and personal growth. These reasons seem to be associated more with the “pull or positive factors” for reasons for business start-up. The “pull” or positive factors are those associated with factors of choice and the desire for entrepreneurial fulfillment. These relate to independence, self-fulfillment, autonomy, self-achievement, being one's own boss, using creative skills, doing enjoyable work, entrepreneurial drive and desire for wealth, social status and power (Alstete, 2003:222-34; Orhan and Scott, 2001: 232-47, Robertson, Collins, Medeira and Slater, 2003:310).

It is good to note that none of the “push or negative factors” were the reasons that many of these women chose to start their own business.

Table 14: Reasons for business start-up

Reasons	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	No response
	%	%	%	%	%	%
To what extent do you agree with each of the following statements? - I have started my current business to achieve personal independence.	3.3%		3.3%	23.3%	63.3%	6.7%
To what extent do you agree with each of the following statements? - I have started my current business to seize business opportunities.			6.7%	23.3%	56.7%	13.3%
To what extent do you agree with each of the following statements? - I have started my current business due to unemployment/retrenchment.	53.3%	13.3%	10.0%		13.3%	10.0%
To what extent do you agree with each of the following statements? - I have started my current business due to my ambition.		3.3%		16.7%	66.7%	13.3%
To what extent do you agree with each of the following statements? - I have started my current business to increase my income.	6.7%		16.7%	20.0%	46.7%	10.0%
To what extent do you agree with each of the following statements? - I have started my current business to achieve financial independence.	3.3%		3.3%	13.3%	70.0%	10.0%
To what extent do you agree with each of the following statements? - I have started my current business to achieve personal growth.				6.7%	86.7%	6.7%
To what extent do you agree with each of the following statements? - I have started my current business - Other reason					13.3%	86.7%

3.5.14 Success of business

When asked about the success rate of their business, 6.7% deemed their business to be very unsuccessful, 6.7% said unsuccessful, 53.3% considered their business to be successful, 30% regarded their business as successful and 3.3% did not respond. The empirical study indicates that most women regard their business as successful. However success can only be measured in terms of financial success and success in terms of market share. This fact has not been realized as the purpose of the questions was purely to get a general idea of what each female entrepreneur perceived the success rate of their business to be, and only they can be the judge of that.

According to Pretorius (1999:15) success can be defined as the achievement of goals. So once one has set a goal or a series of goals, and they have been achieved, a person can be regarded as successful. Non-achievement of realistic goals can be regarded as failure. Perhaps this is the reason why many of the respondents considered their business to be successful. They could have achieved some or most of their short-term or long-term goals.

Table 15: Extent of business success

	Frequency	Percent	Cumulative Percent
Very unsuccessful	2	6.7	6.7
Unsuccessful	2	6.7	13.3
Successful	16	53.3	66.7
Very successful	9	30.0	96.7
No response	1	3.3	100.0
Total	30	100.0	

3.5.15 Reliability: Section D

Table 16: Reliability

Case Processing Summary			
		N	%
Cases	Valid	21	70.0
	Excluded(a)	9	30.0
	Total	30	100.0

Table 17: Cronbach's Alpha

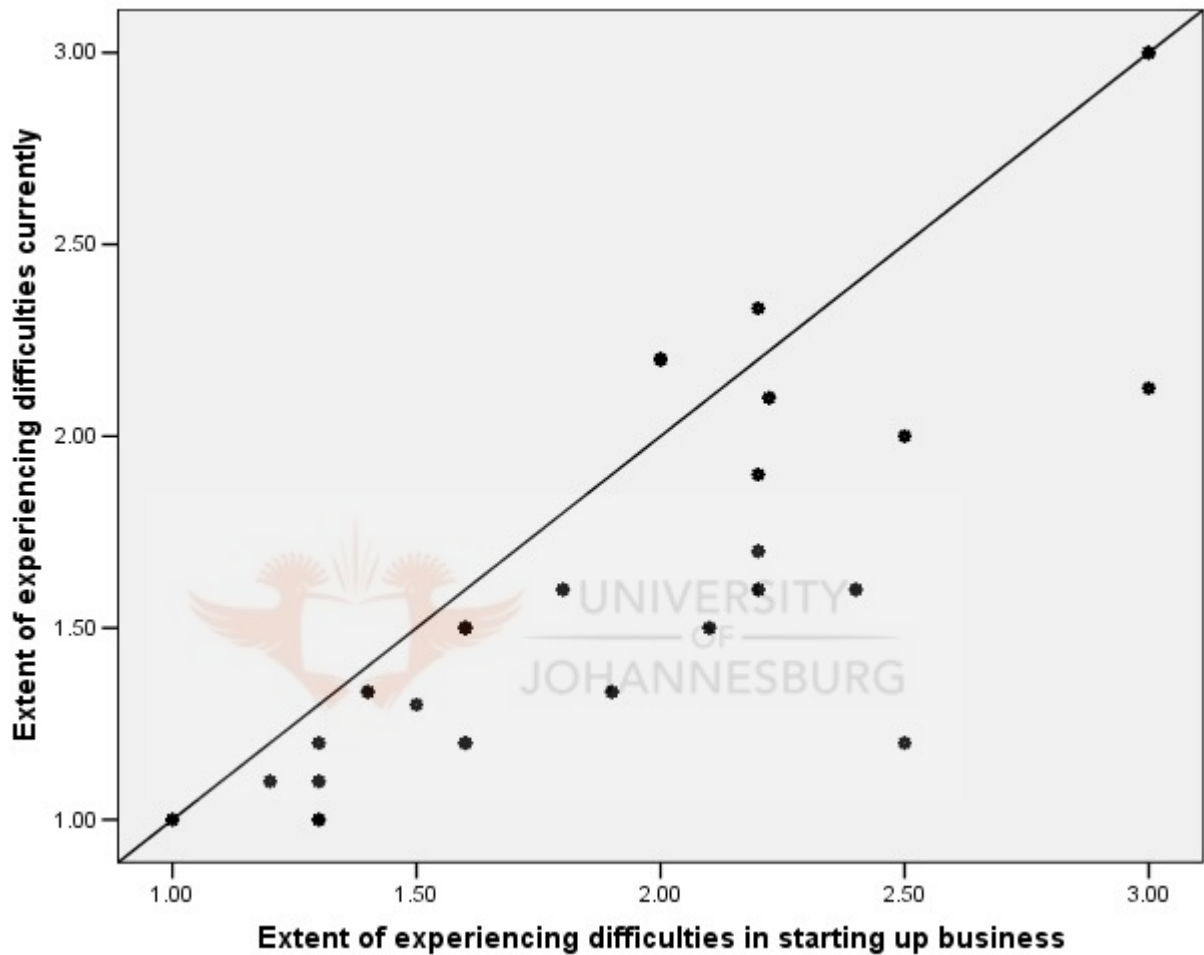
Reliability Statistics	
Cronbach's Alpha	N of Items
.792	10

The above tables indicate the reliability of the study. If the scale was < 0.70 (less than 0.70) then the study would have been considered unreliable. The outcome of this study is $> .0.70$ (greater than 0.70), so this indicates that the study can be considered reliable. Although the sample used was relatively small and can not be representative of an entire population, this particular sample has provided enough information that can be used to make conclusions and deductions.

3.5.16 Extent of difficulties experienced

With reference to the graph below, only two of the respondents experience more difficulties in their business currently than they had experienced when they had started. The rest of the respondents experience less difficulties now than they had experienced when they started.

Figure 1: Extent of difficulties experienced



3.6 Data Presentation: Telephone Questionnaire

3.6.1 Telephone questionnaire

Two sets of questionnaires were used for the survey. There was the original questionnaire that included the open-ended questions and a shorter

questionnaire was created to conduct telephonic interviews. The questionnaire for the telephone interviews was much shorter and did not include any open-ended questions.

These are the findings from the telephonic interviews:

3.6.2 Sector under which business operates

Fifty percent of the respondents said that their business resides in the micro enterprise sector, 42.9% said that their business operated in the small enterprise sector and 7.1% said they operated in the medium enterprise sector. This question was asked, as it is important to know in which sector the women operate in as the study focuses on the SMME sector. The e-mail questionnaire indicated that a larger percentage of women operated in the small business sector, and in the telephone questionnaire a larger percentage of women operated in the micro business sector.

Table 18: Sector in which business operates

Sector	Frequency	Percent	Cumulative Percent
1 Micro enterprise - less than 5 employees	7	50.0	50.0
2 Small enterprise - between 5 and 50	6	42.9	92.9
3 Medium enterprise - between 51 and 200 employees	1	7.1	100.0
Total	14	100.0	

3.6.3 Level of education

When asked about their highest level of education, 21.4% said that they had grade 11 or lower (standard 9 or lower), 14.3% said they had grade 12 or matric, 28.6% had a post-matric diploma or a certificate, 7.1% had Baccalaureate Degrees, and 28.6% had postgraduate degrees. In a study conducted by UNISA some of the respondents without a formal management qualification maintain the view that business skills are not lacking in their business. A larger percentage of those without a management qualification agreed that the lack of managerial and training skills impacted negatively on the success of their business. Human resource issues that were found to have a negative impact were poor staff planning, high labour turnover, poorly trained employees, low labour productivity and an inability to appoint suitable staff (Ligthelm and Cant, 2002: 34). The research also revealed that businesses with owner/managers possessing formal business qualifications tended to rate their businesses more successful than those without them. Half of the owners with management qualifications rated their business as very successful compared to 48% without management qualifications (Ligthelm and Cant, 2002: 34; King and McGrath, 2002:31; Devey, Skinner and Valodia, 2002:22).

Education, especially around business management, is crucial to the success rate of any business as can be reinforced by the above statements. Having the necessary business education can only be beneficial to any person in business. Having the necessary knowledge equips one to make sound business decisions

which can also contribute to the long term success and sustainability of a business.

Table 19: Level of education

Education level	Frequency	Percent	Cumulative Percent
1 Grade 11 or lower (std 9 or lower)	3	21.4	21.4
2 Grade 12 (Matric, std 10)	2	14.3	35.7
3 Post-Matric Diploma or certificate	4	28.6	64.3
4 Baccalaureate Degree(s)	1	7.1	71.4
5 Post-Graduate Degree(s)	4	28.6	100.0
Total	14	100.0	

3.6.4 Industry of business

Reponses relating to type of industry the business operates in is presented in Table 20. The telephone interview survey indicated that 7.1% were in Advertising Marketing and Sales, 7.1% in Communications, Education and Training, 7.1% in Entertainment, 7.1% in Finance, Insurance and Commerce, 7.1% in Health and Medical, 7.1% in Manufacturing and Heavy Industry and 7.1% in Transport and Freight.

The common phenomenon is that women generally operate in service-related industries. In this survey, at least 7.1% of the respondents operated in the Manufacturing and Heavy Industry sector, as opposed to only 3.3% in the e-mail survey.

Table 20: Industry in which business operates

Industry	Frequency	Percent	Cumulative Percent
1.0 Advertising, Marketing, Sales and Public Relations	1	7.1	7.1
3.0 Communications, Education, Training	1	7.1	14.3
4.0 Entertainment	1	7.1	21.4
5.0 Finance, Insurance and Commerce	1	7.1	28.6
7.0 Health and Medical	1	7.1	35.7
12.0 Manufacturing and Heavy Industry	1	7.1	42.9
16.0 Transport and Freight	1	7.1	50.0
17.0 Other	7	50.0	100.0
Total	14	100.0	

3.6.5 Access to finance in starting the business

When asked about how they financed their business during start up many of the respondents said that they used their own finances. Few of the respondents made use of the financial institutions as shown in Table 21.

Table 21: Access to finance

Financial Resource	To no extent	To a moderate extent	To a great extent	Total	
To what extent have you utilized each of the following to access finance TO START your current business? - Khula Credit Guarantee Scheme	3			3	
To what extent have you utilized each of the following to access finance TO START your current business? - Khula Micro Credit Outlets	3			3	
To what extent have you utilized each of the following to access finance TO START your current business? - Khula Retail Financial Intermediaries	3			3	
To what extent have you utilized each of the following to access finance TO START your current business? - Land Bank	3			3	
To what extent have you utilized each of the following to access finance TO START your current business? - Sizanani Scheme	3			3	
To what extent have you utilized each of the following to access finance TO START your current business? - Zimele	3			3	
To what extent have you utilized each of the following to access finance TO START your current business? - Business Partners (formerly SBDC)	3			3	
To what extent have you utilized each of the following to access finance TO START your current business? - Commercial Banks	2		4	6	
To what extent have you utilized each of the following to access finance TO START your current business? - Industrial Development Corporation (IDC)	3			3	
To what extent have you utilized each of the following to access finance TO START your current business? - Development Bank of South Africa	3			3	
To what extent have you utilized each of the following to access finance TO START your current business? - Financial assistance from family	1		1	3	
To what extent have you utilized each of the following to access finance TO START your current business? - Own finances			8	3	11
To what extent have you utilized each of the following to access finance TO START your current business? - Use of retrenchment package	1			1	2
To what extent have you utilized each of the following to access finance TO START your current business? - Other	1				1

3.6.6 Access of finance for current business

As shown in Table 22 the respondents made more use of their own finances for their current business. Very few made use of the Commercial Banks and other financial institutions. Once again the question arises as to the reasons for the women entrepreneurs not accessing finances from financial institutions. According to a study 6 percent of female entrepreneurs who own million-dollar businesses do not maximize their own personal credit cards; recourse of many cash-strapped female entrepreneurs. Instead, they arrange a mix of credit sources to fund a business expansion, from business credit cards and bank loans to Small Business Administration loans; vendor credit and they line up credit in advance (Sullivan, 2004: 1).



Table 22: Access to finance for current business

Financial Resource	To no extent	To a moderate extent	To a great extent	Total
To what extent do you CURRENTLY utilize each of the following to access finance for your current business? - Khula Credit Guarantee Scheme	3			3
To what extent do you CURRENTLY utilize each of the following to access finance for your current business? - Khula Micro Credit Outlets	3			3
To what extent do you CURRENTLY utilize each of the following to access finance for your current business? - Khula Retail Financial Intermediaries	3			3
To what extent do you CURRENTLY utilize each of the following to access finance for your current business? - Land Bank	3			3
To what extent do you CURRENTLY utilize each of the following to access finance for your current business? - Sizanani Scheme	3			3
To what extent do you CURRENTLY utilize each of the following to access finance for your current business? - Zimele	3			3
To what extent do you CURRENTLY utilize each of the following to access finance for your current business? - Business Partners (formerly SBDC)	3			3
To what extent do you CURRENTLY utilize each of the following to access finance for your current business? - Commercial Banks	1	1	1	3
To what extent do you CURRENTLY utilize each of the following to access finance for your current business? - Industrial Development Corporation (IDC)	3			3
To what extent do you CURRENTLY utilize each of the following to access finance for your current business? - Development Bank of South Africa	3			3
To what extent do you CURRENTLY utilize each of the following to access finance for your current business? - Financial assistance from family	2	1		3
To what extent do you CURRENTLY utilize each of the following to access finance for your current business? - Own finances		6	3	9
To what extent do you CURRENTLY utilize each of the following to access finance for your current business? - Use of retrenchment package	3			3
To what extent do you CURRENTLY utilize each of the following to access finance for your current business? - Other	1			

3.6.7 Success of business

When asked about the success rate of their business, 15.4% said that their business was unsuccessful and 78.6% believed that their business was successful.

Table 23: Success rate of business

	Success rate	Frequency	Percent	Valid Percent	Cumulative Percent
	2 Unsuccessful	2	14.3	15.4	15.4
	3 Successful	11	78.6	84.6	100.0
	Total	13	92.9	100.0	
Missing	System	1	7.1		
Total		14	100.0		

3.7 Analyses of open – ended questions: e-mail survey

3.7.1 Has being a woman affected your business in any way? Do you experience any difficulties or any advantages because you are a woman in business?

Figure 2 : Gender effect on business

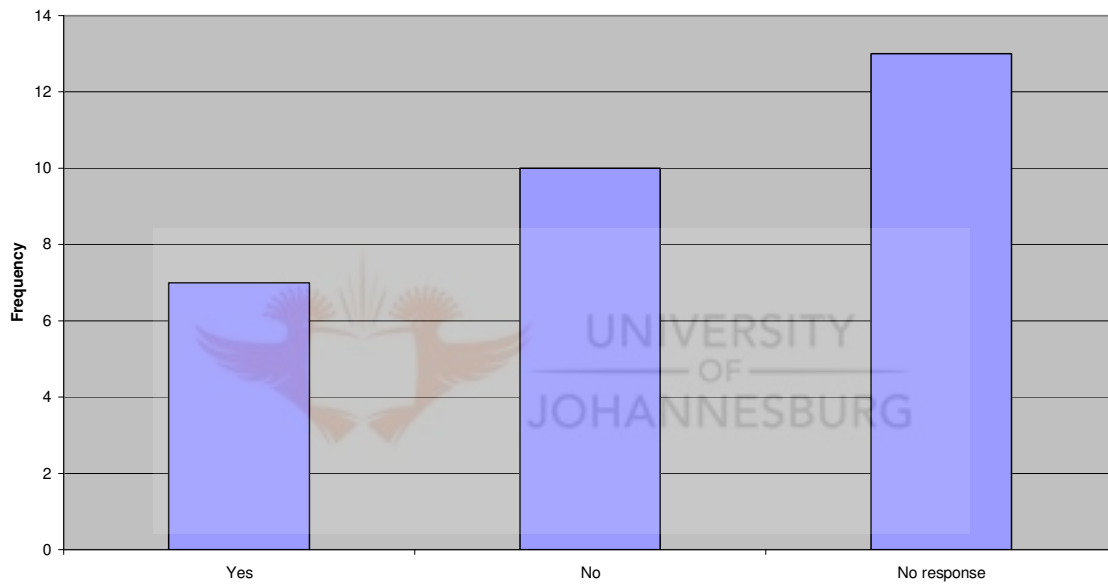
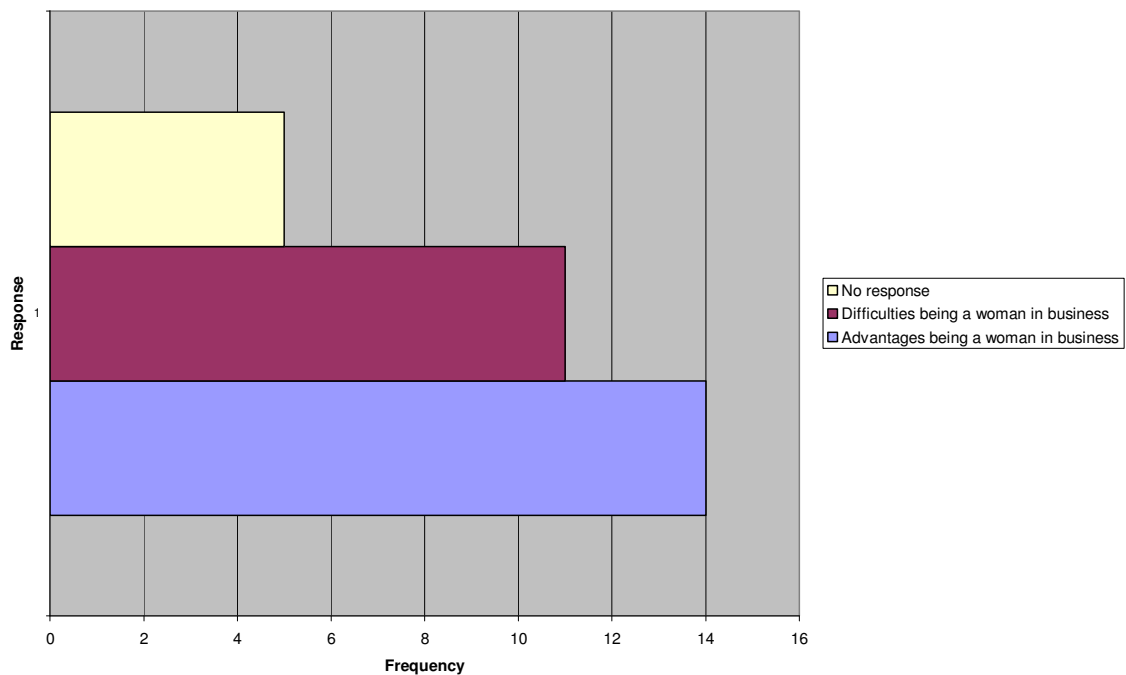


Figure 3: Difficulties and advantages as a woman in business



The above questions were asked to get an understanding from woman in business, whether gender had affected their business in any way, and if there are difficulties or advantages being women in business.

Each woman responded differently. Some answered the first part of the question and the second, whilst others answered only one part to the question. From the study, pertaining to being a woman in business, more women expressed that being a woman in business has not affected them in anyway. They have also felt that they have more advantages than disadvantages, as a woman in business, as depicted in Figure 3.

The women entrepreneurs acknowledge that the government is in support of women in business. Respondents pointed to gender discrimination, female

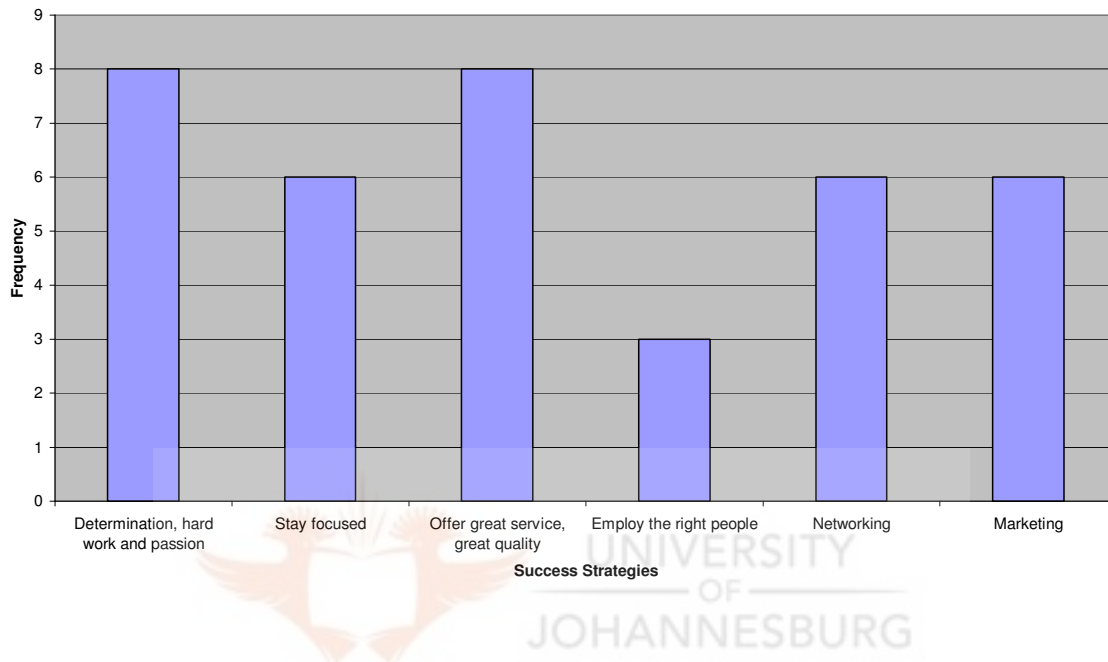
entrepreneurs not being taken seriously, the unsupportive nature of financial institutions, and role conflict experienced in balancing the role of mother, homemaker and businesswoman.

The above are valid points that need to be taken into consideration. In order for women to succeed in their business ventures, financial institutions need to play the role that is required of them to assist women in business. That means being a bit easier on their policies for business loans, as from the empirical study it is clear that most women make use of their own finances instead of business loans. Also balancing the role of home-maker and businesswoman is a daunting task and very demanding. Childcare facilities need to be more reliable and affordable, as women in business need these support structures in place in order to pursue their businesses. Unlike men, women have more than one role to play and cannot always give 100% to their business due to the multiple roles that they have to fulfil.

It seems as though still a lot of work needs to be done to assist women in the SMME sector. The nation as a whole is to benefit from the business ventures of women; however the business environment needs to be conducive for women to grow and sustain their businesses.

3.7.2 What have been your strategies for success?

Figure 4: Strategies for success



The above question was asked so that respondents could share their strategies for success in business. Some respondents answered with multiple answers to the questions. Some were very brief and just stated a point. One respondent even stated that she had “NO” strategies or success. Figure 4 lists the most frequent strategies that the various women shared.

Determination, hard work and passion, as well as offering a great service and quality were the most common strategies used by the respondents. The second most important was “being focused”, networking and marketing. The following

which is “employing the right people” was the other most important strategy for success.

It is noted that the recruitment of quality staff is said to be a major challenge and a barrier to success in small firms (Beaver, 2002:102; Williamson, 2000:27) and sales and marketing matters were found to be the most dominant problems encountered by small businesses (Huang and Brown, 1999:73-85). It has also been suggested that one of the main success factors relates to the interaction of the entrepreneur with the delivery of the service (Beaver, 2002:102). Entrepreneurial characteristics that contribute to small business success are to do with technical and mental ability, human relations skills, high achievement drive and creativity. Setting up a business for “positive reasons” such as to be independent, to be creative, or to do enjoyable work is associated with survival of the small firm (Simpson, Tuck and Bellamy, 2004:481-491).

3.7.3 What message would you like to send out to other aspiring female entrepreneurs?

In the final question respondents were asked to send a message to other aspiring female entrepreneurs.

The messages were inspiring and very encouraging. In summary this is the message that these women would like to send out to aspiring female entrepreneurs.

It is important to grow slowly building a solid foundation, and a strong brand. Never stop dreaming. Being a woman is not an obstacle, it is a gift – use it!

There are opportunities for women; it's just that the society we are living in has not changed their mentality towards women who have their own business.

Starting a business is not easy, but one needs to focus and persevere when faced with challenges.

Women are naturally the best leaders, capitalise on that. Being a woman is one factor but excelling in what you do as a woman is the most crucial part for success.

Women should work together towards uplifting one another in business. We always talk women empowerment, but we do not do that. It's hard but it's worth it.

Think positive and never think you are not perfect. Focus on finances at all times and work continually within your business plan. Do not hesitate to be flexible to align your business based on market needs. Never stop dreaming. If you have the passion to dream it, you have the passion to do it.

Plan properly. Utilise mentorship programs. Manage your business and finances professionally to promote growth and to avoid unforeseen circumstances.

If it feels right, go for it. It may take time!

3.8 Conclusion



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It is no doubt a challenge for any women to have their own business and to manage to sustain themselves in business. However those women, who have taken that giant step towards reaching their own personal achievements, acknowledge that success does come at a price. However there is no compromise for hard work and perseverance. We should be proud as a nation of these phenomenal women, as having a business and being a success at it, is an achievement and something to be celebrated.

CHAPTER 4: FINDINGS AND DISCUSSION

4.1 Introduction

This chapter critically discusses the findings from the empirical study and incorporates the literature review with the empirical study where possible. Information highlighted in this chapter are the following: Sector under which business operates, duration of operation of current business, access to finance, difficulties experienced with business start-up, reasons for starting a business and strategies for success.

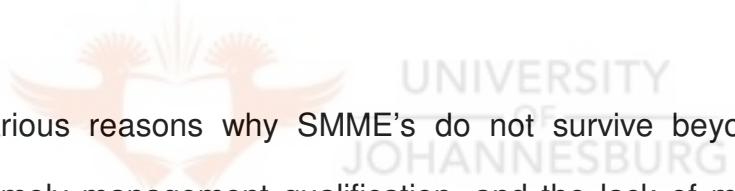
4.2 Findings

4.2.1 Sector under which business operates

It has been discovered from the e-mail sample that most women operated in the small business sector. The telephone sample though indicated that most of the women operated in the micro-enterprise. The small enterprise is defined as any business that employs between 5 and 50 individuals. The micro-enterprise is defined as any business entity that employs less than 5 individuals. These businesses are owner managed with the assistance of family member(s) and at the most one or two paid employees. Small enterprises constitute the bulk of the established businesses found in South Africa (White Paper, 1995: 8-10).

4.2.2 Duration of operation of current business

Only 3.3% of women had been in business for more than 25 years, and a larger group from the sample had only been in existence for five years or less. The survival rate of SMME's is relatively low, as less than half of newly established enterprises survive beyond the first five years. This is not only true of South Africa, but it is also a common phenomenon in the rest of the world. Problems encountered by SMME's worldwide are numerous and range from financial and market-related issues to issues in the macroeconomic environment within which businesses have to operate (Ligthelm and Cant, 2002: vii; Dockel and Ligthelm, 2002: 2).

The logo of the University of Johannesburg is centered in the background. It features two stylized human figures in orange, with their arms raised and hands joined at the top, forming a shape reminiscent of a sun or a bridge. Above the figures, the word 'UNIVERSITY' is written in a light blue, sans-serif font. Below the figures, the words 'OF JOHANNESBURG' are written in a similar light blue font, with 'OF' in a smaller size and positioned between 'UNIVERSITY' and 'JOHANNESBURG'.

There are various reasons why SMME's do not survive beyond five years. Education, namely management qualification, and the lack of managerial skills and experience can have a negative impact on the success of a business. Also, the state of the economy such as specific phases in the business cycle, the industry that the business operates that could have a negative impact as well as the degree of competitiveness, demand and supply and barriers of entry.

4.2.3 Access to finance in starting a business

With regards to finance accessed in starting their business, most respondents said that they utilized their own finances to a great extent to start their business (56%). A very small percentage made use of commercial banks and finance

houses. Most SMME's (85%) use own savings as one of the main sources of start-up capital (Tustin, 2001:42; Chandra, 2000:1; Martins and Tustin, 1999:32; Tustin and Ligthelm, 1998:12). Various studies conducted highlighted that very few SMME's utilize loans from a bank or other formal financial institution as a source of start-up capital. Several other surveys confirmed the relatively low incidence of bank loans in starting-up SMME's (Tustin, 2001:42; Chandra, 2000:1; Martins and Tustin, 1999:32; Tustin and Ligthelm, 1998:12).

Further investigation should be implemented to identify reasons as to why SMME's do not use bank loans to start their business. Is it a case of the business owner not wanting to access a bank loan or are there difficulties and barriers to SMME's in accessing any business loan? Perhaps banks and other financial institutions should implement a much more aggressive marketing campaign to women in the SMME sector, to create greater awareness.

4.2.4 Difficulties experienced with business start-up

a) Business skills and knowledge

- Most respondents stated that they did not experience any difficulty due to a lack of business skills and knowledge (43.3%). Only 10% said that they experienced this problem to a great extent. However research conducted on the difficulties encountered by women in the SMME sector revealed that women generally lack business skills and knowledge, since many of them had no formal training and experience in business management (Garrun,

2004: 1; Milpark Business school, 2001: 3; Commonwealth Secretariat, 2002: xvi – xvii).

b) Balancing home and work life

- With regards to this question there seems to be almost a balance of the respondent's view on this. Thirty percent of the respondents said that they experienced no difficulty balancing home and work life, 30% said they experienced this to a moderate extent, 30 % said to a great extent. Some studies have revealed that women do experience difficulty balancing home and work life (Garrun, 2004: 1; Milpark Business School, 2001: 3; Commonwealth Secretariat, 2002: xvi – xvii). Family responsibilities can often result in additional financial burdens as well as increased household responsibilities. Women have multiple roles to fulfill, and in order for them to give the necessary attention to the business venture, support structures need to be in place to allow them to pursue their role in business.

c) Access to credit facilities and finance

- Access to finance and credit facilities still appear to be an issue for many women, as revealed in the study. As supported by the literature, specific obstacles that women entrepreneurs face in starting and expanding SMME's include lack of access to finance (Commonwealth Secretariat, 2002: 27-29; Still and Timms, 2000:7; Fielden, Davidson, Dawe and Makin, 2003:158; Carlassare, 2001:165-167; African Development Bank, 1998:3; Van Der Merwe, 2003:7).

The contribution that women in the SMME sector can make to economic prosperity and well-being is well acknowledged. Yet these women entrepreneurs have to face challenges like access to finance and credit facilities. Policies should be in place to ensure that these difficulties should not be encountered. Perhaps this is the reason why most women in the study used their own finances in the business start-up. They most probably encountered difficulties in getting finance for their business. The government has recognised that getting access to finance for SMME's is an issue and needs to be addressed, as stated in the White Paper for small business development and the National Small Business Development (Act 102 of 1996). This is crucial for faster SMME growth and development.



4.2.5 Reasons for starting a business

Respondent's reasons for starting a business were to achieve personal independence, to seize business opportunities, ambition, to achieve financial independence and personal growth. A study conducted on the SMME owners in Gauteng and Tshwane found that people started their own small businesses for the following reasons: to seize business opportunities, increase personal income and to overcome unemployment (Tustin, 2001: 42 and 86. Ligthelm and Morojele, 2001: 15).

Most surveys that have been carried out in industrialized countries have found quite similar entrepreneurial motivations between men and women with

independence and need for self-achievement always being ranked first (Orhan and Scott, 2001:232-243). When it comes to women entrepreneurs, it appears that only a small part of entrepreneurial motivations are acknowledged as gender-based. Instead “push” and “pull” factors are now a common way of explaining different motivations for women to start businesses. Push factors are elements of necessity such as insufficient family income, dissatisfaction with a salaried job, difficulty in finding work, and a need for flexible work schedules due to family responsibilities. Pull factors relate to independence, self-fulfillment, entrepreneurial drive and desire for wealth, social status and power (Orhan and Scott, 2001:232-243).

In this particular study the women entrepreneurs started their business due to the “pull or positive factors”, namely to pursue personal ambition and growth, to seek financial and personal independence.

The “pull” or positive factors are those associated with factors such as the desire for entrepreneurial fulfillment. These relate to independence, self-fulfillment, autonomy, self-achievement, being one's own boss, using creative skills, doing enjoyable work, entrepreneurial drive and desire for wealth, social status and power (Alstete, 2003:222-34; Orhan and Scott, 2001: 232-47, Robertson, Collins, Medeira and Slater, 2003:310).

The “push” or negative factors are associated with the necessity factors that force the female into pursuing her business idea. These can be redundancy,

unemployment, frustration with previous employment, the need to earn a reasonable living and a flexible work schedule, reflective of the family caring role that is still expected from women (Alstete, 2003:34; Orhan and Scott, 2001:232-47).

4.2.6 Strategies for success

The most common strategies shared by the women were determination, hard work and passion; offering great service and quality, then followed by marketing, networking and staying focused at all times, and lastly was employing the right people. Research has indicated that there are many other factors, both internal and external, that have an impact on small business success. These can be industry structure and competition, entrepreneurial decisions, employee relations, entrepreneurial objectives, organizational culture, education, training and prior experience. Success is often viewed in terms of growth or profitability, but this becomes more complicated when trying to determine the factors that lead towards it. It is important to recognize that while a common measure of success in business is still to be defined, there are some general factors found to influence the success potential of businesses (Beaver, 2002:98; Alsbury, 2001:41-55).

The recruitment of quality staff is said to be a major challenge and a barrier to success in small firms as were sales and marketing matters that were found to be the most dominant problems encountered by small businesses (Huang and

Brown, 1999:73-85 Beaver, 2002:102; Williamson, 2000:27). It is acknowledged that people make up an organization, and the type of people employed is crucial to any business success. It is therefore important that the choice of employee is analyzed before making the decision to hire a person. Employees who share the vision and mission of the company are those that make a difference and contribute to a company's success.

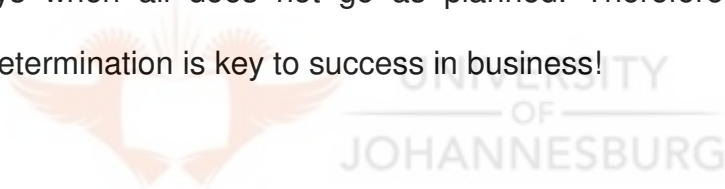
The other differentiating factor to a business's success is Sales and Marketing. However in the SMME sector, budgets for aggressive marketing and sales campaigns can be an issue. Marketing drives can be fairly expensive. However entrepreneurs need to explore other creative and inexpensive ways to market their businesses so that the awareness is created.

There is no compromise on great service and quality. This is a marketing tool in itself and is the most inexpensive way of marketing any company. If good and professional service is offered first time around, there is sure to be repeat business from customers. These satisfied customers through "word-of-mouth" could "market" the company due to the great service they received.

Networking is invaluable to the success of any business, especially in the SMME sector, where the entrepreneurs need to establish themselves. Networking creates many opportunities for entrepreneurs, from building a sound business relationship with the banker and supplier to be able to negotiate preferential rates, and entertaining customers, to ensure repeat business and customer

loyalty. The point to be made is that networking should receive a high priority for any entrepreneur, especially amongst women. There are various organizations available today, namely the BWA and SAWEN, to name a few, where women can meet, network, share experiences and grow with each other in business.

Hard work, determination and passion should be a natural succession when it is your own business. No one else is going to do this for any entrepreneur. Having these attributes and living by it daily could only help a person reach their business goals more swiftly. It is not easy though maintaining these strong qualities, as in the life of any individual in business, there is bound to be those unforeseen days when all does not go as planned. Therefore not losing the passion and determination is key to success in business!



4.3 Discussion

Academics and governments appear to be encouraging entrepreneurship, because it symbolizes innovation and a dynamic economy. Female entrepreneurs have been identified as a “major force” for innovation and job creation (Orhan and Scott, 2001:232). The small business sector constitutes the bulk of the established businesses found in South Africa, and has also been revealed in this study as well. Although this sample is not entirely representative of the entire population, the results correlate with the fact that small enterprises do make up a larger percentage of businesses in South Africa.

A very small percentage (3.3%) had been in operation for 25 years and more, and 50% had been in operation for five years or less. This finding is a cause for concern. It is known that many SMME's do not survive beyond five years, and the fact that a large percentage of this population has only been in operation for this period of time, suggests that it is possible that this particular group may not survive much longer. The truth is harsh, but if measures are not put in place to assist these women in the SMME sector, it could very well be possible that they could become a statistic. As much as financial assistance is of paramount importance in any business start-up, so is the non-financial assistance and advice. With the exception of SAWEN and the BWA, the respondents in this study indicated that they did not access much non-financial advice from the various organizations. If it was due to the lack of awareness of the other organizations, it will be in the best interest of the parties involved to embark on

the necessary marketing drive to increase the awareness of their existence and role. Survival of entrepreneurs in the SMME sector, especially women, is important in respect to the larger scheme of matters, namely job creation and economic wealth. The younger SMME's (5 years and less in existence) should actively be guided and supported and the women in the SMME sector should also purposefully seek out advice and assistance to ensure that they sustain their businesses in the long term.

Difficulties in accessing finance and credit facilities were also revealed in this study. This phenomenon is not unknown and is common in South Africa as it is in many parts of the world. Once again, the SMME's play a significant and important role, and key variables like finance and credit should be readily available to assist women in their business ventures. This may mean that the banks and other financial institutions become more accommodating on the lending policies, so that women entrepreneurs can have these facilities available to them, especially in the business start-up phase. Whilst men and women utilize the same basic source of finance, i.e., savings and loan finance, Carter (2000a:329) found that : "women were less likely to use institutional arrangements, such as bank loans and overdrafts, and were also less likely to take advantage of cheaper sources such as extended supplier credit".

Initial under-capitalization is therefore exacerbated by a reluctance to participate fully in existing financial networks. This is fuelled by discriminatory attitudes amongst the largely male, institutional representatives and can lead to further

problems in the growth phase (Schmidt and Parker, 2003: 428-439). As highlighted in this study as well, most of the women did not use bank loans or loans from any other financial institution in the business start-up phase as well as in their current stage of business.

The reasons that many women in the study started their business were to pursue ambition, business opportunities and personal growth, and to achieve personal and financial independence. These reasons were positive reasons or “pull factors” and were not negative reasons or “push factors” namely unemployment and retrenchment. It is important to identify reasons as to why women decide to enter the SMME sector. When the reasons are positive, there is a better chance of success than if it is when the reasons were due to a negative circumstance. The positive reasons are associated with entrepreneurial fulfillment, doing enjoyable work, being one’s own boss and achieving self-independence. According to Still and Timms (2000:3) women also start their businesses, with the objective of “making a difference”, which means being “more client focused than men, ethical in operations and making a social contribution in addition to pursuing economic models”. Although this did not come out as clearly in this study, some women in the study highlighted that one of the reasons that they started their own business was to pursue personal ambition. This could very well be a reason or one of the reasons that could fulfill their personal ambition.

In the study 46.7% of the respondents had a post-matric diploma or certificate and 30% had postgraduate degrees. A key variable linked to business success is

educational background. Although these numbers are not relatively high, it is an indication that most women are realizing the importance of education in business and are getting the necessary education to assist them in their path to entrepreneurship.

The start-up phase is critical to the success of any business, as the highest failure rate of any SMME is during the first 12 months of trading (Schmidt and Parker, 2003: 428-439). It is therefore of concern to note that “in comparison to men when women enter self-employment they do so with fewer financial assets, less experience in management and under-resourced in terms of their human and social capital (Carter, 2000a:239). Most women in the study had experienced problems in accessing business advisors or mentors. Had this type of resource been made more available to the women, they could be groomed about business management, and tap on the experience of their business advisors or mentors. Fifty percent of the respondents had been in operation for 5 years or less. This is a very crucial stage of a business and the necessary support, advice and mentorship is of paramount importance during this period. Although the lack of this support may not be the ultimate reason for a business failure, it could be a significant contributing factor.

A further issue arises from industry choice, which is clearly influenced by gender (Schmidt and Parker, 2003: 428-439). Catley and Hamilton (1998:75) state: “Numerous studies have shown that female controlled businesses are more likely to be found in the retail and service sectors”. As is the case in this particular

study, most women operated in the service sector, which not surprisingly seems to fit the profile of most women entrepreneurs. In the UK for example, the Equal opportunities Commission Annual Report (1999/2000) states : “In England in June 2000, young men formed majority of the apprenticeships in engineering (97%), motor industry (99%), construction (99%), information technology (77%) whilst young women were the majority of apprenticeships in hairdressing (92%), health and social care (89%), childcare (98%) and travel service (87%) (Schmidt and Parker, 2003: 428-439). This was also very much in line with other European cities (Valienete, 2002: 277-301, Carrasco and Recio, 2001: 267-92).

The barriers identified for female entrepreneurs at the different stages of the business cycle have implications for the development and dissemination of advice and support services tailored to the different phases and types of barriers. Despite the wealth of help and advice available from a diverse number of public and private stakeholders, many women do not seek assistance and there is some lack of awareness of what is on offer (Schmidt and Parker, 2003: 428-439). This is clearly the case in this particular study as well. Most women did not use many of the institutions offering service, advice and support for their business. Only 20% of the women used the services of the BWA and SAWEN and most did not use any of the other institutions mentioned in the study.

Service providers themselves acknowledge, the number of women approaching them for assistance remains relatively low. The reasons for this appears to fall into three main categories, lack of knowledge, lack of physical address and lack

of confidence (Schmidt and Parker, 2003: 428-439). Barriers to uptake may be related to a rather narrow, inwardly focused vision, which is directly associated with a lack of integration into communication and networks that would lead to exposure to appropriate help and advice and the creation of self-support networks. Carter (2000a: 332) proposes that: “The continuation of self-help groups, or peer mentoring, after formal start-up programmes have finished is an innovative and low cost means of providing ongoing support to new firms. For both mechanisms to work, matching mechanisms are of paramount importance”. Mentors should reflect an individual’s background, with particular emphasis on gender, culture, class, educational attainment and domestic circumstance (Carter 2000a: 332).

4.4 Conclusion



Promoting SMME’s as a growth-oriented sector may be increasing risk perceptions towards entrepreneurship in certain demographic groups. Thompson (1999:279-96) argued that women, due to their lack of relevant work/management experience, limit their choice of sector for their business start-ups to those with low barriers of entry but with often high attendant risks, e.g. catering. Indeed, Brush (1998: 58) found that gender differences based on motives or individuals’ characteristics are not conclusive and posits that psychological motives or traits, e.g. achievement, may combine with economic necessity or wealth seeking to motivate new business start-up in men and women. The fact that an individual may oscillate over time between being risk averse and risk prone also offers a challenge. A knowledge of risk or the ability to

assess their own propensity and perceptions would aid potential entrepreneurs to determine whether they would be suitable entrepreneurs and indeed whether they would be able to sustain the business. It would also help entrepreneurs to realize how they would be influenced by their own risk perceptions in managing their business. It seems apparent that risk is present in the decision situation context, the personality traits of the individual decision maker and in the specific decisions that have to be made. Few studies have shown how to affect change in or towards the entrepreneurial sector. Yet implicitly the studies on risk, albeit often in a wider decision-making context than the small business sector, suggest that changes in the context or changes in access to opportunities and/or support mechanisms can facilitate change. The assumption that the changes in attitude/behaviour are simply a product of risk factors is misleading. There are obvious changes occurring within the gendered context, which influence the needs and behaviour patterns of women in the SMME sector. Personality traits may possibly reinforce other risk influences, though it would be naive to assume that this would always be the case, for all SMME's and for all women. For example, the raised expectations of SMME's growth potential or business inputs/processes may not be deliverable by SMME's in certain sectors or those lacking a desire to put into place factors (e.g. time, staffing) to support such growth. The literature signifies a very complex set of inter-relationships between all of the factors involved. Thus, isolating particular sub-factors or variables for measurement purposes would be impractical and the bi-directional influences present would prevent any meaningful assessment of the strength and direction of the association. In terms of a coherent body of work the literature is playing

catch-up, i.e. whilst acknowledging changes in the decision-making context of women, the literature is not yet focused on the women entrepreneurial context. Certain factors such as the changes in social structures (e.g. the family as primary social structure) or changes in the political climate leading to SMME support will influence attitudes to risk and subsequent behaviour.

As stated before, the sample in this study is not representative of the entire population of female entrepreneurs. However the conclusion can be made according to the results from this survey, that most of these women entrepreneurs did consider themselves to be successful in business. One can attribute their success to their personality traits that they possess and the common belief that there is no compromise for hard work, determination and passion for what you are doing. Although access to finance and credit facilities still seems to be an issue, as it is for most entrepreneurs when starting a business, the female entrepreneurs in this study accessed their own finances and did not allow this problem to deter them from pursuing their business. Most of the women in this study agreed to the fact that they did not lack business skills and knowledge. This is of paramount importance to the success of any business, and the reason why most of the women considered themselves successful is perhaps due to their business acumen and tenacity. It can be concluded from this particular study that being a female entrepreneur does not mean that you cannot succeed in business. There are more advantages being a woman in business today, and South Africa has more opportunities to offer women, as there is an emphasis to ensure that women do succeed in business.

Chapter 5: Conclusions and Recommendations

5.1 Introduction

This chapter concludes with a general discussion of the results obtained compared to those found in the literature. It is apparent from the overall findings in this research that women entrepreneurs still face certain challenges in business. However in spite of that many do consider their businesses to be successful. Recommendations are also provided based on the findings from the study.

5.2. Research objectives of the study

The objectives of the study were:

1. Defining the SMME sectors and reviewing the legislative policy towards the SMME sector especially concerning women. The Broad-based Black Economic Empowerment Bill is to ensure that in the implementation of the Bill that women's participation is included into the targets set by industries and sectors in their transformation charters, particularly in the areas of enterprise development, human resource development, procurement, and ownership and management.
2. Profiling the factors playing a role in the success of women in the SMME sector.
3. Accessing literature on international and local women in the SMME sector.

4. Mobilizing the views of co-coordinating /funding bodies on women in the SMME sector.
5. Providing guidelines for women who enter the SMME sector, as highlighted by all the factors for success in business and to create an awareness of problems that could be encountered.

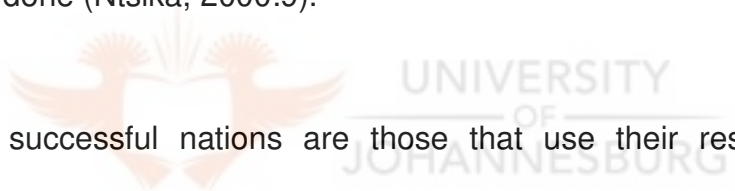
5.3 Realization of the objectives of the study

5.3.1 Defining the SMME sectors and reviewing the legislative policy towards the SMME sector especially concerning women

This objective could be achieved, and most of the respondents in the study indicated that their business fell in the Small business sector (56.7%), followed by 33.3% that formed part of the micro-enterprise sector and only 10% indicated that their business formed part of the Medium enterprise sector. In South Africa organizations with 200 or less employees are regarded as participating in the SMME Sector. The micro enterprise is defined as any business entity that employs less than 5 individuals. The small enterprise is defined as any business that employs between 5 and 50 individuals. The medium enterprise is defined as any business that employs between 50 and 200 people (South African Government, 1995: 8-10; Tustin, 2001:42; Chandra, 2000:10).

The 1995 publication of the White paper on the Development of Small Business indicated that the government in South Africa realized the importance of developing entrepreneurship and small businesses. It was stated that small,

medium and micro enterprises (SMME's) offered an important vehicle to addressing the challenges of job creation, economic growth and equity in South Africa. Special reference was made to the development of female entrepreneurs, with the view to facilitate equalization of income, wealth and economic opportunities with special emphasis on supporting the advancement of women in all business sectors (South African Government, 1995: 15; Garrun, 2004: 1). Access to finance, capacity building and the regulatory framework were identified as key variables to be addressed in order to achieve faster growth in the SMME sector. There are many constraints inhibiting SMME growth and development, and Ntsika Enterprise Promotion Agency acknowledges that much work still remains to be done (Ntsika, 2000:9).

The logo of the University of Johannesburg is centered in the background. It features two stylized orange birds with their wings spread, facing each other. Above the birds, the word 'UNIVERSITY' is written in a light grey, sans-serif font. Below the birds, the words 'OF JOHANNESBURG' are written in the same font, with 'OF' positioned between two horizontal lines.

Economically successful nations are those that use their resources to the maximum. For all countries, their most important resource is their human capital, and since women comprise over half of the population, they need to be brought into the economic mainstream. The birth of our democracy has also opened new doors for women in South Africa, by allowing them to enter the mainstream economy through the availability of various business opportunities (DTI, 2003:1; Nevin, 1996:33).

5.3.2 Profiling the factors playing a role in the success of women in the SMME sector

Although the realized sample was not large, some success was achieved to realize this objective. When asked about their strategies for success, these were the most common sentiments shared: determination, hard work and passion as well as offering a great service and quality were amongst the most common strategies used by the respondents. The second most important was being focused, networking and marketing. Employing the right people was the other most important strategy for success.

It is advocated that the enterprise reflects the individual personality and behaviour of the entrepreneur, their commitment and vision being central to the success of the business (Hill and McGowan, 1999:5-18). As highlighted in the findings, the respondents indicated that determination, hard work and passion had been one of their strategies for success. It is these important personality traits that can contribute to the long-term success of a business. In order to be successful the entrepreneur must have a combination of attributes and skills including being goal-oriented, decisive, pragmatic, resolute, flexible and self-confident. Entrepreneurial characteristics that contribute to small business success are to do with technical and mental ability, human relations skills, high achievement drive and creativity (Simpson, Tuck and Bellamy, 2004:481-491). The external environment also has a big impact on the success of the business. It is a combination of the knowledge, experiences and personality, and the way in

which they are affected by the outside influences of society and the environment, that go together to make a successful entrepreneur (Simpson, Tuck and Bellamy, 2004:481-491).

It has also been suggested that one of the main success factors relates to the interaction of the entrepreneur with the delivery of the service (Beaver, 2002:102). As indicated by the respondents, offering great service and quality has been contributing factors to their success in business. Previous studies of success criteria as identified by managers and business owners (Sturges, 1999:239-52; Greenbank, 2001:108-27) suggested that sense of achievement, recognition, enjoyment and feeling that they are doing the job well, job satisfaction and satisfaction of owning a business were the most common. A number of success factors, to do with the organization as a whole (but influenced by the entrepreneur) have been identified. These are the uniqueness of culture, shared values, a collaborative approach between owner-manager and staff, the use of core competencies and building on strengths, employee relations (found to be a critical factor in service firms), job satisfaction and fulfillment for owner and staff (Choueke and Armstrong, 2000: 236).

Networking is important for entrepreneurship, but the entrepreneur has to engage in networking to ensure survival of the business. Formal and informal networks provide a resource base that is crucial to starting and developing a business, because by supplementing the entrepreneurs own business resources, the network improves the likelihood of success. Informal sources include friends,

family, business associates, and formal sources include professional and technical consultants, general consultants, supply chain, client and customer links (Jacks and Robson, 2002:1). Business networks are an acknowledged means by which businesses can successfully be improved and their market share increased. Networking should be a vital part of the women entrepreneurs' business plan.

Successful networking can result in acquiring sufficient information, resources and contacts. What's more, networking can be a basis for creating a support system of women entrepreneurs where ideas, problems and solutions can be shared (Wesman, 1995:74). The personal network provides not only information and access to important physical and financial resources, but also human and social capital (Johannisson, 2000: 12).

The contribution of social networks to entrepreneurship is arguably one of the most important discoveries in the last generation (Light and Gold, 2000:94). Networking allows a person to enlarge their span of action, save time and gain access to resources and opportunities otherwise unavailable, as well as provide needed resources to a new venture (Aldrich and Zimmer, 1986:154-167).

5.3.3 International and local women in the SMME Sector

By means of the literature review and the survey done, this objective could be achieved. Small businesses, especially those owned by women are changing the

face of America's economy. Timmons (1999:4) describes entrepreneurship as "America's secret weapon " and states that over 95% of the economic wealth in America today has been created by the "Entrepreneurial Generation" of revolutionaries since the 1980's. Compared to South Africa, American women entrepreneurs took the leaps sooner in the market.

It seems as though female entrepreneurs in America who own million-dollar businesses do things a bit differently from the majority of female entrepreneurs. They do not maximize their own personal credit cards or their own finances, instead they arrange a mix of credit sources to fund a business expansion, from business credit cards and bank loans to Small Business Administration loans; including vendor credit and the line up of credit in advance (Sullivan, 2004: 1).

Female entrepreneurs in South Africa should perhaps use the strategy of these wise American women, as it is clear that the strategy they have employed has helped them achieve phenomenal success. As revealed in the empirical study, most of the women utilized their own finances for their business start-up, as well as for their current business. This most certainly cannot be a good decision to make. What would the situation be should these women deplete their own finances? Unnecessary complexities could arise, as it is a challenge to operate a business on a day to day basis if there are no finances to sustain the business and honour the expenses that most businesses incur.

In a Proudly South African way, we do have a select group of women who have made their mark in our country and economy. To name but a few, the following women have achieved phenomenal success and this is what they have to say about their success:

Bridgette Radebe

Bridgette Radebe is the Founder and Executive Chairperson of Mmakau Mining. Her greatest strengths as a business person are: hard work, attention to detail, being a good organizer, having the ability to delegate, possessing vision, commitment and perseverance. She ascribes her success to determination and drive (Erasmus-Kritzinger, 2003:21-23).

Pam Golding

Pam Golding is the Founder and Chairperson of Pam Golding Properties. Her greatest strengths as a business person are: empathy with people, being a good listener, and quick to grasp an understanding of what people want. She ascribes her success to dedication, passion for her business, a competitive drive and an in-depth understanding of her market. She is committed to honesty and wanting to help people (Erasmus-Kritzinger, 2003:66-67).

Basetsana Kumalo

Basetsana Kumalo is the Chairperson of Tswelopele Productions. Her great strengths as a business person are the ability to work with people and being committed to what she believes in. She ascribes her success to having a passion for what she does, possessing the courage to take risks, identifying opportunities, having a positive attitude and accepting failure (Erasmus-Kritzinger, 2003:213-215).

This book by Liesel Erasmus-Kritzinger should be a 'must read' to all women entrepreneurs in South Africa. These success stories of these phenomenal women in our country could inspire, motivate, empower and inform the South African women entrepreneurs in our country. These success stories are so important to help make a difference to the lives of women in our country.

5.3.4 Mobilizing the views of co-coordinating /funding bodies on women in the SMME sector

This objective could be achieved through the use of literature that was available about these organizations. There are various organizations in the public and private sector providing financial and non-financial assistance to women in business. As clearly highlighted in the empirical study, most women did not access many of these organizations for finance or advice. The question to be

asked then is whether women choose not to use these organizations or is it a question of lack of awareness of the existence of these organizations.

In 1999, a Ntsika review of Small, Medium and Micro Enterprises (SMME's) recommended that the Department of Trade and Industry intervene by setting up a structure that would help women to overcome the policy and business environment constraints that impact on the growth of their enterprises. The concept of the South African Women entrepreneurs network (SAWEN) was presented at a national women entrepreneur consultative forum in July 2001 and the concept was fully endorsed by the national forum present. SAWEN has been established as a national network organization that facilitates and monitors the socio-economic advancement of women entrepreneurs and their positive impact on the country's economy (Downing, 2003: 18).

The DTI has also formed a programme called the Technology for Women in Business (TWIB). TWIB is aimed at encouraging women to access and use technology in order to increase the strength of their business. Another intervention of the TWIB is to encourage young girls to enter the fields of science and technology. TWIB's long-term objectives are and will continue to be to increase the number of women entrepreneurs who are aware of, understand and apply technology for the development and growth of their services, products and enterprises.

The above organizations are some of the government initiated organizations to assist women in business. For financial assistance organizations like Khula Credit Guarantee and Khula Financial Credit have been created to assist with finances in business.

In the private sector a very reputable and popular organization, as indicated in the empirical study as well, is the Business Women's Association. The BWA is a non-profit, voluntary organization committed to offering real value in the form of leading and training, connecting and supporting members and South African business. An organization like the Business Women's Association is instrumental to the lives of many business women. They are a highly professional organization, willing to lend a hand to anyone who seeks their advice and assistance.

With these organizations in place, the SMME sector, especially concerning women who participate in this sector, should make maximum use of the services that they have to render. These organizations in turn should make themselves more readily available to increase the awareness of their existence. If the success rate of SMME's is relatively low, these organizations should play a more active role in eliminating this possibility.

5.3.5 Guidelines and strategies for women who might find the information useful when they enter the SMME sector

The guidelines and strategies that the researcher has to offer are based on the findings of the study and the research available around women entrepreneurs.

Being in business offers various opportunities and challenges. Every entrepreneur, especially women will experience problems in their business venture. However problems can be minimized by taking the necessary precaution. These are the following guidelines that the researcher would like to offer:

- Most women in the study did not utilize bank loans or financial assistance from any financial organizations. They instead chose to utilize their own finances. Personal finances should be kept aside for when the need arises and only for domestic and personal use. There are organizations in place offering financial assistance, and they should be utilized for financial aid. Putting a proper and well thought out business plan on the table, can be beneficial to women in business, especially when motivating for a business loan. A sound business plan can ease the process of accessing business loans, and may even fast track the whole process. Financial institutions have problems granting loans to businesses that do not have a proper business plan in place. No organization will grant a business loan to a business that they believe will not survive within the next twelve months to five year period, if they believe the business plan is poor, lacks vision and direction.

- Besides organizations that offer financial assistance, there are various other organizations offering non-financial assistance and advice. Women entrepreneurs should tap these resources that are available. These organizations offering advice can only be beneficial to a business, especially in the business start-up phase. Not all entrepreneurs have all the answers for success in business; however by utilizing these advice centers, one could acquire knowledge about business that they never inherited previously.
- Networking is of paramount importance for success in business. There is a lot of knowledge to share and gain from networking, and this can be very beneficial to a business. Ask any successful entrepreneur about one of their key strategies for success, and networking most probably will be the most common and frequently used strategy.
- Determination, perseverance, staying focused and being passionate are vital. Without these key ingredients, an entrepreneur may not be able to withstand all the challenges that being in business has to offer.
- Compiling a business plan is a must for any business that wishes to succeed and sustain the business in the long term. Business plans offer direction and a company's strategy for the short term and long term. Compiling a business plan is not an easy task, especially if a person does not have any experience in this regard. There are books available, consultants and organizations available that could assist with the compilation of a business plan. The internet has sufficient information on

business plan writing as well as examples of what a business plan should include.

5.4 Conclusion

The potential of female entrepreneurs contributing to the process of economic growth has largely been accepted by the government in South Africa. The legislation in place is in support of female entrepreneurs. The results of the study have both positive and negative elements. Although the necessary legislation is in place, the business environment needs to be more conducive to women who want to grow their businesses and make a success of it as well. A paradigm shift and a combined effort by all those involved is required to eradicate problems and challenges facing female entrepreneurs.

The relationship between preparedness, propensity and perception has not been given sufficient attention generally and even less in the context of women and risk. It would therefore be wrong to treat women entrepreneurs as a homogenous group. Perceptions may be influenced by the self-confidence levels of the individuals involved in the entrepreneurial venture. If an individual is confident the situation or decision may be seen as less risky, but if the individual lacks confidence then they may perceive more barriers and anticipate the decision to be more risky. Studies such as Bruce and Johnson (1996:65-78) have suggested that women become less risk averse when they have more confidence and Slovic (2000:402) and Chung (1998:39-45) identified that although women and men had exhibited similar traits (i.e. in regard to propensity) there were still

noticeable differences in risk taking. If the process by which entrepreneurs view risk and what is influencing their risk perception is not understood it is difficult to offer help and advice. Furthermore, an issue that relates perception to definitions goes back to what is categorized as a financial risk by individuals. For example, there is the issue of how financial risk or indeed “growth” as a financial risk indicator is defined by the individual. Differences in attitudes to growth (Chung, 1998:30-45) may have more to do with women not wishing to risk their home/work balance rather than an antagonism to growing the business per se. Moreover, it is argued by some (Ljunggren and Kolvereid, 1996:3-12) that women are better at self-screening and thus women reduce risk by doing what they know (which may ghettoise them to low-growth sectors) and using family support (in capital or in kind) at the start-up phase. The latter may also be related to the social structures that women encounter (Brush, 1998:155-68). From a feminist standpoint, women are never just women (Mirchandani, 1999:224-35) and it is thus the social structure that helps create or sustain differences in entrepreneurial behaviour.

5.5 Recommendations

The collective analysis of data is incorporated for the formulation of appropriate practical recommendations, for financial institutions, government regulators and service providers. These are discussed below.

5.5.1 Financial Institutions

Financial institutions could be a significant source of capital for entrepreneurs. However, it seems as though currently the female entrepreneurs are accessing their own finance for their business and not able to access finance from banks or financial institutions. This situation could be detrimental to the sustainability of their business as their business might not be able to grow or survive due to the lack of financial resources available to them.

- Financial institutions need to be seen as more supportive of the initiatives of female entrepreneurs. They should ease the administrative procedures for the establishment of women-owned businesses.
- Financial institutions may need to reassess their marketing strategies to women. One way of doing this is through the dissemination of information on business opportunities and support services available to women.

5.5.2 Government

- The importance of female entrepreneurs to the South African economy has already been acknowledged by government. Government however cannot by itself make firms grow and employ staff, but it can work towards making the environment more conducive for entrepreneurship by implementing a favorable institutional and regulatory environment.
- Government interventions can take on many different forms. These can be anything from consulting to and implementing more supportive legislation through to the actual financing, at subsidized rates, of business

ventures started by females. Government also needs to encourage financial institutions, credit facilitators and lending institutions to make start-up capital available to female entrepreneurs.

- In a country such as South Africa with a high unemployment rate, female entrepreneurs contribute towards reducing unemployment. The government needs to raise public awareness of women's economic role through information dissemination awareness campaigns and education.

5.5.3 Service providers

- An entrepreneurial culture needs to be fostered for women through education and management training. Educational packages or courses should be developed that can teach women entrepreneurial skills. However due to time constraints on the part of female entrepreneurs in trying to balance multiple roles, courses need to be short term. They however need to be practical, intense, affordable and run at convenient times.
- Mentors could provide one-on-one support for female entrepreneurs. In a situation where mentors are available for female entrepreneurs, they could guide those in their charge through barriers and problems that they themselves experienced.

5.6 Future research

Collecting data on female entrepreneurs has a very clear importance and therefore further research in respect of female entrepreneurs is still required. The following are possible areas identified for future research:

- An exploration into financial institutions and their policy towards assisting women entrepreneurs in accessing finance;
- Initiatives conducted by government to empower women entrepreneurs;
- A study on formal and informal networks with a special focus on the support they provide to the female entrepreneur;
- Role conflict experienced by female entrepreneurs – women's views on running an enterprise, their balance between the enterprise and their family life;
- Study on cultural views and societal perceptions on women in business;
- A study comparing the male and female entrepreneur and what makes them different in business.

5.7 Weakness of the study

- The sample was relatively small, due to the difficulty experienced in getting the women to co-operate;
- Difficulty in conducting personal interviews due to time-constraints of respondents
- General entrepreneurship issues and those related to women are somewhat interwoven, but sufficiently distinguishable.

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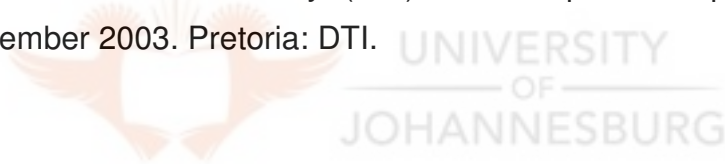
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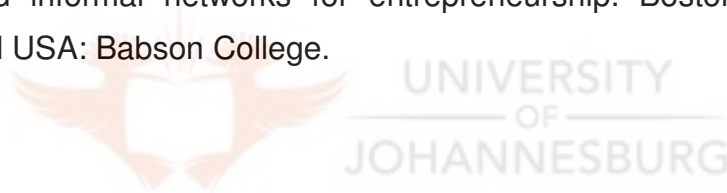
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Appendix A

COVERING LETTER



01 July 2006

Dear female entrepreneur

My name is Nerina Naicker. I am busy completing an MBA degree in the Faculty of Management at the University of Johannesburg. As part of my study, I am doing research that will be written up in a dissertation, which when complete, will fulfill the requirements for the degree. I would appreciate it if you could complete the following questionnaire. I wish to establish the possibly unique difficulties and opportunities experienced by female entrepreneurs in the starting up and running of their businesses. Responses will be reported anonymously and therefore confidentiality will be maintained. Where your experiences are reported under your name as a case study, prior agreement will be obtained from you.

**Regards,
Nerina Naicker
Cell: 082 492 3429**

E-mail:nerina1@telkomsa.net

PLEASE ANSWER THE FOLLOWING QUESTIONS BY CROSSING (X) IN THE RELEVANT BLOCK OR WRITING DOWN YOUR ANSWER IN THE SPACE PROVIDED.

Example of how to complete this questionnaire:

Your gender?

If you are female:

Male	1
Female	2

Section A – Background information

1. In South Africa organizations with 200 or less employees are regarded as participating in the SMME Sector. In which one of the following categories of this sector does your business reside?

Micro enterprise – less than 5 employees	1
Small enterprise – between 5 and 50	2
Medium enterprise – between 51 and 200 employees	3

2. How long (in complete years) has your current business been in operation?

5 yrs or less	1
6 – 10 yrs	2
11 – 15 yrs	3
16 – 20 yrs	4
21 – 25 yrs	5
More than 25 yrs	6

3. Prior to owning this business have you had any other businesses?

Yes	1
No	2

4. From where does your business mainly operate? Mark ONE option only.

Home	1
Rented space	2
Own business property	3
Other (please specify).....	4

5. In which ONE of the following industries does your business reside?

Advertising, Marketing, Sales and Public Relations	1
Beauty, Fashion, Art, Design and Decor	2
Communications, Education, Training	3
Entertainment	4
Finance, Insurance and Commerce	5
Government/Public Services	6
Health and Medical	7
Hospitality, Travel and Tourism	8
Human Resources and Personnel	9
Information Technology and Computers	10
Legal	11
Manufacturing and Heavy Industry	12
Media and Publishing	13
Property, Architecture and Quantity Surveying	14
Wholesale/Retail	15
Transport and Freight	16
Other Please specify below	17

Section B – Background about respondent

1. What is your age group (in full years)?

20 – 25 yrs	1
26 – 30 yrs	2
31 – 35 yrs	3
36 – 40 yrs	4
41 – 45 yrs	5
46 – 50 yrs	6
over 50 yrs	7

2. What is your highest level of education?

Grade 11 or lower (std 9 or lower)	1
Grade 12 (Matric, std 10)	2
Post-Matric Diploma or certificate	3
Baccalaureate Degree(s)	4
Post- Graduate Degree(s)	5

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Section C – Access to financial and non-financial assistance

Financial Assistance

1. To what extent have you utilized each of the following to access finance TO START your current business?

	To no extent	To a moderate extent	To a great extent
Khula Credit Guarantee Scheme	1	2	3
Khula Micro Credit Outlets	1	2	3
Khula Retail Financial Intermediaries	1	2	3
Land Bank	1	2	3
Sizanani Scheme	1	2	3
Zimele	1	2	3
Business Partners (formerly SBDC)	1	2	3
Commercial Banks	1	2	3
Industrial Development Corporation (IDC)	1	2	3
Development Bank of South Africa	1	2	3
Financial assistance from family	1	2	3
Own finances	1	2	3
Use of retrenchment package	1	2	3
Other (please specify)	1	2	3

2. To what extent do you CURRENTLY utilize each of the following to access finance for your current business:

	To no extent	To a moderate extent	To a great extent
Khula Credit Guarantee Scheme	1	2	3
Khula Micro Credit Outlets	1	2	3
Khula Retail Financial Intermediaries	1	2	3
Land Bank	1	2	3
Sizanani Scheme	1	2	3
Zimele	1	2	3
Business Partners (formerly SBDC)	1	2	3
Commercial Banks	1	2	3
Industrial Development Corporation (IDC)	1	2	3
Development Bank of South Africa	1	2	3
Financial assistance from family	1	2	3
Own finances	1	2	3
Use of retrenchment package	1	2	3
Other (please specify)	1	2	3

Non- financial assistance

1. From which of the following organizations did you seek advice from when starting up your business? Please mark ALL applicable with a cross (X).

	Utilized this organization
Ntsika Enterprise Promotion Agency	
Business Development Services (BUDS)	
Local Business Support Centres (LBSC)	
Manufacturing Advice Centres (MAC's)	
Business Women's Association (BWA)	
South African Women Entrepreneurs Network (SAWEN)	
Technology for Women in Business (TWIB)	
Other (please specify)	

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Section D – Difficulties

1. To what extent did you experience each of the following difficulties when you STARTED your business?

	To no extent	To a moderate extent	To a great extent
A general lack of business skills and knowledge	1	2	3
Difficulty in balancing home and work life	1	2	3
Inadequate access to credit facilities and finance	1	2	3
Limited financial experience	1	2	3
The regulatory environment – including government legislation	1	2	3
Cultural factors	1	2	3
Societal views and societal perceptions	1	2	3
Remaining abreast of market trends and opportunities	1	2	3
Access to financial and investment advice	1	2	3
Access to business advisors and mentors	1	2	3

2. To what extent do you experience each of the following difficulties in your current business?

	To no extent	To a moderate extent	To a great extent
A general lack of business skills and knowledge	1	2	3
Difficulty in balancing home and work life	1	2	3
Inadequate access to credit facilities and finance	1	2	3
Limited financial experience	1	2	3
The regulatory environment – including government legislation	1	2	3
Cultural factors	1	2	3
Societal views and societal perceptions	1	2	3
Remaining abreast of market trends and opportunities	1	2	3
Access to financial and investment advice	1	2	3
Access to business advisors and mentors	1	2	3

Section E- Motivation to launch your own business

1. This section explores the reasons for you starting your own business

To what extent do you agree with each of the following statements? Please indicate your answer using the following 5-point scale where:

1. = Strongly disagree
2. = Disagree
3. = Neutral
4. = Agree
5. = Strongly Agree

I HAVE STARTED MY CURRENT BUSINESS...	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
...to achieve personal independence	1	2	3	4	5
...to seize business opportunities	1	2	3	4	5
...due to unemployment/retrenchment	1	2	3	4	5
...due to my ambition	1	2	3	4	5
... to increase my income	1	2	3	4	5
... to achieve financial independence	1	2	3	4	5
... to achieve personal growth	1	2	3	4	5
Other reason (please specify)	1	2	3	4	5

Section F – Opinion Related Questions

1. To what extent do you agree with each of the following statements?

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
It is difficult for a woman in business to get financial assistance	1	2	3	4	5
The government sufficiently supports women in business	1	2	3	4	5
Crime has a negative impact on the success of a business	1	2	3	4	5
Inflation has a negative impact on the success of a business	1	2	3	4	5

2. Please answer the following question by using the following 4-point scale where

1 = Totally unsuccessful

2 = Unsuccessful

3 = Successful

4 = Very successful

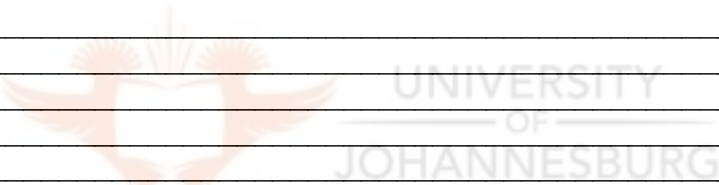
	Very unsuccessful	Unsuccessful	Successful	Very successful
To what extent do you consider your current business to be successful	1	2	3	4



Section G – Open-ended questions

1. Has being a woman affected your business in any way? Do you experience any difficulties or any advantages because you are a woman in business?

2. What have been your strategies for success?



3. What message would you like to send out to other aspiring female entrepreneurs?

THANK YOU FOR YOUR COOPERATION

Appendix B: Telephone Questionnaire



1. In South Africa organizations with 200 or less employees are regarded as participating in the SMME Sector. In which one of the following categories of this sector does your business reside?

Micro enterprise – less than 5 employees	1
Small enterprise – between 5 and 50	2
Medium enterprise – between 51 and 200 employees	3

2. What is your highest level of education?

Grade 11 or lower (std 9 or lower)	1
Grade 12 (Matric, std 10)	2
Post-Matric Diploma or certificate	3
Baccalaureate Degree(s)	4
Post- Graduate Degree(s)	5

3. In which ONE of the following industries does your business reside?

Advertising, Marketing, Sales and Public Relations	1
Beauty, Fashion, Art, Design and Decor	2
Communications, Education, Training	3
Entertainment	4
Finance, Insurance and Commerce	5
Government/Public Services	6
Health and Medical	7
Hospitality, Travel and Tourism	8
Human Resources and Personnel	9
Information Technology and Computers	10
Legal	11
Manufacturing and Heavy Industry	12
Media and Publishing	13
Property, Architecture and Quantity Surveying	14
Wholesale/Retail	15
Transport and Freight	16
Other Please specify below	17

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Financial Assistance

4. To what extent have you utilized each of the following to access finance TO START your current business?

	To no extent	To a moderate extent	To a great extent
Khula Credit Guarantee Scheme	1	2	3
Khula Micro Credit Outlets	1	2	3
Khula Retail Financial Intermediaries	1	2	3
Land Bank	1	2	3
Sizanani Scheme	1	2	3
Zimele	1	2	3
Business Partners (formerly SBDC)	1	2	3
Commercial Banks	1	2	3
Industrial Development Corporation (IDC)	1	2	3
Development Bank of South Africa	1	2	3
Financial assistance from family	1	2	3
Own finances	1	2	3
Use of retrenchment package	1	2	3
Other (please specify)	1	2	3

5. To what extent do you CURRENTLY utilize each of the following to access finance for your current business:

	To no extent	To a moderate extent	To a great extent
Khula Credit Guarantee Scheme	1	2	3
Khula Micro Credit Outlets	1	2	3
Khula Retail Financial Intermediaries	1	2	3
Land Bank	1	2	3
Sizanani Scheme	1	2	3
Zimele	1	2	3
Business Partners (formerly SBDC)	1	2	3
Commercial Banks	1	2	3
Industrial Development Corporation (IDC)	1	2	3
Development Bank of South Africa	1	2	3
Financial assistance from family	1	2	3
Own finances	1	2	3
Use of retrenchment package	1	2	3
Other (please specify)	1	2	3

6. Please answer the following question by using the following 4-point scale where

1 = Totally unsuccessful

2 = Unsuccessful

3 = Successful

4 = Very successful

	Very unsuccessful	Unsuccessful	Successful	Very successful
To what extent do you consider your current business to be successful	1	2	3	4

