



The effectiveness of institutional support for women entrepreneurs

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A research project submitted to the Gordon Institute of Business Science,
University of Pretoria, in partial fulfilment of the requirements for the degree of
Master of Business Administration.

9 November 2011

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Abstract

According to the former Minister of Trade and Industry, Andisa Mphahlwa, despite government support structures South African women entrepreneurs have not delivered the establishment of many successful and sustainable businesses, as expected. The majority of women are still trapped in the lower echelons of the economy. In contrast, other developing countries such as India, Argentina, and Brazil evidence high female entrepreneurship.

This research study will focus on the effectiveness of operational, emotional and financial support provided by the dti (Department of Trade and Industry) initiatives driven through SAWEN (South African Women Entrepreneurs' Network), examining the issue through gender lenses. This research study aims to establish how formal institutional policies' effectiveness may be hindered by cultural norms inherent in the way women are treated by society, as well as in how they perceive themselves.

The aim is to identify and highlight reasons for the lack of effective female entrepreneurship, with the aim of achieving high-impact entrepreneurship by women in South Africa with a view to growing the economy. The other standpoint adopted in this study is that women make choices to suit their personal circumstances, which may be the drivers of their business choices. This research will focus on the extent to which women want their businesses to expand.

Keywords

Women entrepreneurship, gender, institutional support, institutions, networks

Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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Signature:

Date: 9 November, 2011

Acknowledgements:

I would like to thank my supervisor, Shireen Chengadu, whose input, engagement, encouragement, guidance and support was instrumental in completing this research study.

Thank you to Mr Thabo Nkiwane of SAWEN, who granted access to the database for the research and offered valuable advice.

To my mother, Margaret Mehlomakhulu: you epitomise the very women featured in this report and your strength and faith are unfathomable. Without you nothing is possible. To my father, Godfrey Mehlomakhulu, thank you for everything and till we meet again. Thank you to Mrs Ethel Mari, and Mr Ruben Mari.

To my four that I come home to every day: Andrew, Thulisa, Philani and Tinaye, thank you for the encouragement and for your faith in me. To my siblings, Caroline and Sandra, thank you for being there throughout these years.

Patience Lusengo, Chipso Garwe, and Gloria Dutiro you deserve a special mention. To my MBA colleagues, lecturers and work colleagues, thank you, this journey would not have been possible without you.

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1. Chapter One: Introduction to the research problem

1.1. Research title

The effectiveness of institutional support for women entrepreneurs

1.2. Women entrepreneurs

South Africa's total entrepreneurial activity amongst women is two to three times lower than that of other developing or emergent economies with similar GDP per capita to South Africa, such as Argentina, Chile, Brazil and Peru (Herrington, Kew and Kew, 2010). In South Africa, men are 1.7 times more likely than women to be involved in entrepreneurial activity (SAWEN, 2005). Countries with high female entrepreneurial activity rates have also been found to be characterized by high total entrepreneurial activity (Verheul, Van Stel and Thurik, 2004). International research has revealed that women-owned businesses, besides being one of the fastest growing entrepreneurial sectors in the world; make significant contributions to innovation, employment and wealth creation in all economies (Brush, de Bruin and Friederike, 2009).

It appears that South African women entrepreneurs are operating at the bottom of the entrepreneurial ladder as affirmed by a study conducted by Nieman and Neiuwenhuzen, (2009). The study revealed that 72% of micro enterprises were owned by women. Ownership of formal enterprises by women was 31% in March 2007 (the dti, Annual Review of Small Business in South Africa 2005-2007). Several factors considered as barriers to women's entrepreneurship have been identified in the SAWEN (2005) study as 'cultural and societal problems, the psychological impact of cultural norms, employment legislation and policy, lack of information, training, finance, markets, technology and business infrastructure, absence of vehicles for skills development and capacity building, fragmented approaches to identifying issues and developing strategy to influence policy affecting business and government interventions.'

The call for women to be more meaningfully involved in the economy emanates from the fact that besides the number of entrepreneurs active in an economy being important for the benefit of the consumer; entrepreneurial performance is enhanced by diversity in terms of gender, ethnicity and education. The diversity of economic actors has therefore been identified as an essential driver of economic progress at many levels in cities, regions and national economies (Van der Zwan, Verheul and Thurik, 2010). The authors point out that there are differences between male and female entrepreneurs that relate to their personal and business profiles. These differences relate to the business sectors they start and run and how they develop different products, pursue different goals and structure their businesses in a different fashion. (Brush 1992, Fischer *et al.* 1993, Chaganti and Parasurama, 1996, Carter, Shaw, Lam and Wilson, 1997, Verheul, 2003, cited in Van der Zwan *et al.*, 2010).

The study of women in entrepreneurship and the level of support they have available are important, in that new and established firms contribute an average number of 3.1 and 3.2 jobs respectively (Herrington, Kew and Kew, 2009) Lack of new and established firm growth paints a bleak picture of SMMEs' potential to contribute meaningfully to job creation, economic growth and achievement of more equal income distribution (Herrington *et al.*, 2009). Success of female business ownership has been recorded by a research study carried out in Canada that revealed that 45% of all small and medium-sized enterprises had at least some degree of female ownership (Government of Canada 2002, cited in Zinger, Lebrausseau, Robichaud and Riverin, 2007).

1.2.1. Women entrepreneurship and developing countries

Examining the developing countries context for women entrepreneurship, the reasons for the pull for women to enter entrepreneurship could be that women facing entry barriers in the formal labour market have to resort to

entrepreneurship to escape unemployment or even poverty (Van der Zwan *et al.*, 2010) However, women entrepreneurs are still faced with informal bias against women in general in their entrepreneurial endeavours (Van der Zwan *et al.*, 2010)

Alluding to a gender issue as a determining factor for women entrepreneurship in developing countries, Bushell (2008) states that entrepreneurship for women is challenging. This is as a result of women being most likely to be traditionally regarded as the caretaker of the family, as well as to be impoverished in terms of educational qualifications and financial capital. These societal circumstances might lead them to find informal sector activity attractive, while earning additional income through activities that accommodate the family environment. This was regarded as an important alternative when there were no part-time jobs available.

Van der Zwan *et al.* 2010, point out that women, moreover, might require this flexibility as they engage in most activities within the household. This is one of the options they have, to divide their time between household and work activities. Hence, informal activity and (formal) entrepreneurial activity may be alternative ways for women to realise greater flexibility in combining work and household activities.

Alluding to the limited body of knowledge around developing countries' women entrepreneurship and the importance of research on this topic, Lerner *at al.*, cited in Roomi and Parrot (2008) point out that many recipes for success of women entrepreneurs have been garnered from studies conducted in developed countries. The authors, who were conducting research into Pakistani women entrepreneurs, further refer to the impact and role of social structures, work, and family and organised social lives, and the fact that female seclusion and gender segregation are the norm in many South Asian societies.

Other research has explored the possibility that the family situation of marriage and children may have a differential effect on the entrepreneurship of women and men (Van der Zwan *et al.*, 2010). Although women may increasingly be entering the work force, the challenges that they face may

still be more likely to emanate from the fact that they are ‘the primary parent, emotional nurturer and the housekeeper’ (Unger and Crawford, 1992, cited in van der Zwan *et al.*, 2010).

The research on Pakistani women concluded that due to deep cultural issues, the women entrepreneurs faced challenges due to the structurally enforced inferior status of women within an Islamic society (Roomi and Parrot, 2008). This suggests that cultural informal institutional factors may be at play with regard to women entrepreneurship in developing countries. This study will explore gender-related formal and informal institutional support and how this affects women entrepreneurship.

Although entrepreneurship in a developing country context might be a push factor for women due to lack of alternatives in the workplace, research done in Indonesia points to entrepreneurship still being predominantly a male culture. Women entrepreneurs, though, are said to be increasing in number as a result of their acquiring higher educational levels and the increased economic pressure being experienced by families (Tambunan, 2008). Acknowledging the importance of institutional support, Tambunan (2008) states that government developmental programmes specially designed to support SMMEs would assist countries to exploit the social benefits from increased competition and entrepreneurship.

In the context of transitioning economies, women entrepreneurs are said to engage in lower-level entrepreneurship than men, as well as experiencing gender-related barriers with respect to access to information, networks and collateral (Ruminska-Zimny, 2002, cited in Van der Zwan *et al.*, 2010). This leads to expectation of a negative effect of economic transition on entrepreneurship, which may be greater for female than for male entrepreneurship (Van der Zwan *et al.*, 2010).

Women in transitioning economies were found to differ from men in four factors: the obstacles they face; their reasons for starting a business; their goals; and the factors they perceive as important to success (Bliss and

Garrat, 2001). These points support the supposition that challenges faced by entrepreneurs could be gender based. If this is the case, institutional support offerings for women entrepreneurs would need to be tailored to address the gaps they experience in these offerings.

Research on Russian women entrepreneurs focused on social capital referred to their limited options to achieving leading positions in industry, politics, or other spheres of social production. These limitations served as push factors for women to enter the entrepreneurial sector. Starting new, smaller firms served the double purpose of both generating additional family income and creating an arena for self-fulfilment (Iakovleva, Kickul and McFee, 2006).

Entrepreneurship in developing countries does not, however, always spell doom and gloom. Verheul *et al.* (2004) observe in their study that female entrepreneurship rates are high in developing countries such as India, Argentina, Brazil, and low in developed countries such as Japan, Belgium and Russia. They go on to state that countries with high female entrepreneurial activity rates also tend to be characterised by high total entrepreneurial activity rates.

According to Delmar, 2003 cited in Verheul *et al.* (2004), 'women entrepreneurship is therefore closely related to the general framework conditions for entrepreneurship in a specific economy'. This further supports the view that institutional support can have an effect on the level of entrepreneurship in an environment.

1.2.2. Types of entrepreneurship

To understand the different types of entrepreneurship, this research will examine the categories and characteristics of entrepreneurship that contribute differently to economic activity and growth and of the country. This is to highlight the different types of needs of the entrepreneurial categories and also the limitations that may be imposed by the category of entrepreneurship.

Necessity entrepreneurship pertains to activity that can almost be labelled involuntary. In this case the actor undertakes the activity because of a lack of other opportunities. The result is that the entrepreneur stands to face severe constraints, and the decision to undertake an entrepreneurial activity will not necessarily be related to the merits or qualities of the project being undertaken (Larroulet and Couyoumdjian, 2009) According to Malach-Pines and Schwartz (2007), women are characteristically more constrained by necessity entrepreneurship than men.

Specific factors that lead to necessity entrepreneurship are high levels of unemployment. These are more likely to lead to higher levels of necessity relative to the level of opportunity entrepreneurship, as people tend to start a business because they have no other employment options available (Verheul *et al.*, 2004). Research focused on this segment has concluded that the institutional support mostly required by necessity entrepreneurs is financial, due to their perception of lack of financial support (Bhola, Verheul, Thurik and Grilo, 2006).

Opportunity motivated entrepreneurship is stimulated by a desire to take advantage of a potentially profitable business opportunity (Larroulet and Couyoumdjian, 2009). Gender factors are that men were found to be more likely to start a business because of an opportunity as opposed to necessity than women (Bhola *et al.*, 2006).

The environmental and personal factors leading to entering entrepreneurship also affect the business growth; Morris, Nola, Miyasaki, Craig, Watters, and Coombes (2006) attest that growth orientation for women entrepreneurs is more associated with whether the woman is pushed or pulled into entrepreneurship. The researchers state that women entrepreneurs who are pulled by the recognition of opportunity are significantly more growth oriented than those that are pushed into entrepreneurship by personal circumstances such as job loss, economic necessity or divorce.

At the country and regional level, push and pull factors are also applicable, as developed countries were found to have low levels of entrepreneurship which were motivated by necessity (20%) and high levels of entrepreneurship motivated by opportunity (80%). In contrast, in a developing region like Latin America 35% of entrepreneurial activity is motivated by necessity rather than opportunity (Larroulet and Couyoumdjan, 2009).

Opportunity motivated entrepreneurship is important as it is considered the best way to promote economic growth. Institutional reform is seen as a means to achieve this end (Larroulet and Couyoumdjan, 2009). This accentuates the need for focused institutional support. Minniti and Levesque (2008) reiterate this by noting, 'It is acknowledged that institutions are the cause of economic change and progress, entrepreneurship is the mechanism that allows the changes to happen.' This research seeks to investigate this statement.

1.3. Institutional support

Institutions are "the rules of the game" consisting of both formal legal rules and informal social norms that govern individual behaviour and structure social interactions (Minniti and Levesque, 2008) The South African government, through the Department of Trade and Industry (dti) has introduced institutional approaches that seek to go beyond individuals or structures, and to challenge the rules of the game. The dti framework refers to the organisations themselves and their structures as being the ones under the spotlight, not the women or the marginalised people (dti, 2006) This research intends to explore the institutional support available and the women entrepreneurs' required interventions from a gender perspective.

The dti has identified support as potentially an important means of raising the overall level of entrepreneurship in society (SAWEN, 2005). The three types of support cited by the dti as being required by women entrepreneurs are:

Operational support, which represents the amount of support provided in the way of advice and or expertise to build product awareness, register on tender databases and develop market intelligence (Anna, Gaylen and Chandler, 1999, cited in SAWEN, 2005).

Emotional support, which considers the encouragement provided to the participants by others and encompasses support of the family, motivation, acceptance in business circles, networking and acknowledgement of work (Anna, Gaylen and Chandler, 1999, cited in SAWEN, 2005).

Financial support, which refers to the financial resources provided by others. This is defined as: access to capital, availability and management of cash flow, as well as financial training, including accounting practices.

These three levels of support will form the basis of the investigation in this research. They will be explored in the literature review to ascertain the extent to which women entrepreneurs have access to them, to reveal how lack of these prejudices women as entrepreneurs. The gender-specific issues affecting the types of business women entrepreneurs engage in, as well as the informal cultural issues that prevail, will be explored as the background to the support effectiveness.

To strengthen the integration of SMME support programmes, the dti publishes an extensive annual directory of all government, private sector, and donor institutions programmes available in South Africa to support SMME entrepreneurial activities, the *National Directory of Small Business Support Programmes*. According to a foreword to the 2010 edition by Maria Ntuli, the then Deputy Minister of Trade and Industry, the women entrepreneurship programmes on offer are not being utilised at the anticipated levels (dti, 2010). The paper states that results from a survey carried out on women entrepreneurs indicate that “a large number of women are still not aware of support organisations and most do not use such organisations”. The report shows that as much as 52% of women were not

aware of organisations that specifically supported them (dti, 2010). This research will also seek to highlight the reasons for lack of awareness of support organisations.

1.4. Influence of institutional factors

Research focused on female entrepreneurs in the context of transitioning economies identified the important influence of formal and informal institutional factors on the level and quality of women entrepreneurship (Aidis, Welter, Smallbone and Isakava, 2007). Although women could access financial resources, their risk-averse nature, due to their roles in the household, prevented them from using bank loans. As much as formal institutional rules and regulations seem to encourage the development of female entrepreneurship, informal institutions such as gendered norms and values that reflect the patriarchal society restrict women's activities and access to resources (Aidis *et al.*, 2007).

A research study of Chinese institutions found that governments have little influence in bringing changes in informal institutions. Although formal institutions such as rules and regulations are changing rapidly, some institutional decision makers in state-owned banks and other agencies are still trapped in the socialist mind-set (Kshetri, 2007). Such factors can render formal institutional support ineffective.

1.5. Research scope

The population of relevance in this research comprised women entrepreneurs who operate in the secondary economy of small, medium and micro enterprise (SMMEs) as selected from a dti initiative called the South African Women's Entrepreneurs' Network (SAWEN). SMMEs were a focal point of the study, as they are the vehicle for 97.5% of business transactions and contribute 35% of the total gross domestic product (Niemen and Neiuwenhuzen, 2009).

The sampling frame was women entrepreneurs who are paid-up members of SAWEN.

A research limitation is that the assessment of the performance of small enterprises is frequently problematic due to the lack of segregation of individual and household finances, and also the requisite confidentiality. The result is that the assessment of profitability is better achieved through the use of qualitative rather than quantitative methods (Aidis *et al.*, 2007). This research did not assess profitability of the business. The research is limited to paid-up SAWEN members in the Gauteng region. However, Gauteng makes up the highest membership base, comprising 36% of SAWEN members (dti/SAWEN, 2009) Due to the protection of member databases; the research was emailed directly by SAWEN to its members with email access.

1.6. Research motivation

Investing in women is believed to offer the most effective means to improve health, nutrition, and educational standards, not only for the whole family but for the society as a whole. As a result support for women is necessary for both financial and non-financial services (Veeramani, Selvaraju and Ajithkumar, 2009). According to the Minister of Trade and Industry, Mandisi Mphahlwa, despite government support structures, South African women entrepreneurs did not deliver the expected establishment of many successful and sustainable businesses. The majority of women are still trapped in the lower echelons of the economy (dti, 2006).

Additionally, the number of South Africans receiving social assistance has increased from 12 million in 2006/07 to 14 million in 2009/10. On the other hand, an encouraging fact is that the number of women pursuing higher education and graduating from universities has been consistently higher than the rate of males and is increasing over the years. However, there is still limited comprehensive analysis and understanding of women entrepreneurship in

South Africa. Only 35% of surveyed women perceived that there were really good opportunities for business around them (FNB, 2011).

Within the backdrop of the entrepreneurial landscape, South African SMMEs have been found to be less dynamic and largely remain in the nascent and 'baby business' phases (less than 3.5 years in existence). The SMMEs are mostly micro and survival enterprises, with little potential for growth (dti, 2008). Africa has been identified as having one of the lowest levels of entrepreneurship in the world, with entrepreneurs contributing around 35% of GDP compared with 60% in other developing countries like India and Brazil. Research studies have revealed that fewer than 20% of entrepreneurs who start their own business survive past the first two years of operation (Shanduka black umbrellas website). Unemployment has continued to increase year on year, with the official rate increasing from 23.6% in June 2008 to 25.3% in 2010.

Underlining the importance of SMMEs in building the economy, studies conducted in the United States (US) have shown that 90% of new jobs come from small firms (Allen 2003 cited in Friar and Meyer, 2003). Other research conducted in the US points to the increasing prominence of female entrepreneurs as customers, suppliers, and competitors in the US, as well as the global community.

(Greene, Hart, Gatewood, Brush and Carter (2003) state that an anomaly about women entrepreneurship is that research and dissemination of information about this topic has not kept pace with the impact that woman and their enterprises have had on the economy. In order to grow the economy, alleviate poverty and reduce unemployment, women entrepreneurship needs to move from being survivalist, micro-enterprise players into the small and medium business arenas. One of the ways that entrepreneurship levels can be increased is by conducting the type of research in this study to build a body of new knowledge of formal and informal institutional support required by women in the in the SMME space.

2. Chapter Two: Theory and literature review

2.1. Introduction

This section reviews literature and theory to establish the underlying principles of institutional support available to women entrepreneurs and continue from the previous section to expand on SMMEs as the vehicle to grow the economy. The literature further investigates the array of theories advanced for women entrepreneurship in order to better understand why the support structures in place have not translated to higher levels of women entrepreneurship. The literature review adopts gender lenses to project informal factors that might be influencing formal institutional support. This section goes on to explore the entrenchment of institutional factors, formal or informal (cultural), and explores how women need to overcome these,

Highlighting the critical role that institutions such as SAWEN can play, Jamali (2008) emphasises that to improve entrepreneurship in developing countries an institutional focus is very much needed. This highlights the role that SAWEN and the dti can play. He advocates that this focus should be supplemented by a dynamic view that recognises the role of the individual agency and learning capacity over time. He adds that although entrepreneurship is socially and historically embedded, it is also to some extent individually constructed and negotiated. This research study investigates the attitude of women to empowering themselves. It employs the term *institutional* as meaning established policies, and embedded cultural norms and behaviours. The literature review has been organised in the constructs below to clarify the research literature and direct the research questions.

2.1.1. Proposed approach to literature review

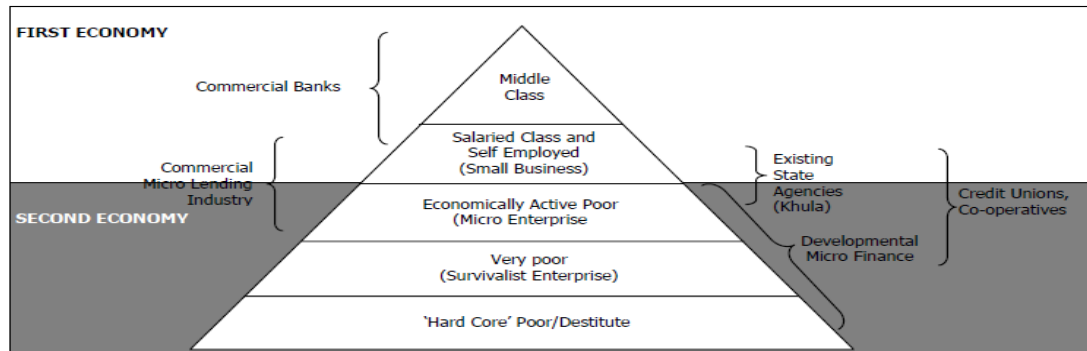
Section	Focus of Subsection
2.2. South African context	Institutional types
2.3. SMME sector	Types of enterprises
2.4. Feminism and gender	Gender issues relating to women entrepreneurs
2.5. Institutional support factors relating to women	Formal and informal institutional factors
2.6. Changing gender inequality institutionally	Approaches to changing gender inequality
2.7. Operational support	Technical support and access to markets
2.8. Emotional support	Networks and family support
2.9. Financial support	Funding and institutional issues

2.2. The South African entrepreneurial context

Economic growth, besides other factors is also contributed by the role of institutions. In South Africa, entrepreneurship activities can be divided into layers. A large part of entrepreneurs are operating at the base of the pyramid. These entrepreneurs were termed “the second economy” by President Mbeki (Kirsten, 2006 cited in dti, 2008). These entrepreneurs are seen as being disenfranchised from the mainstream economy. Figure 1 illustrates the pyramid structure and layers of entrepreneurship in South Africa as discussed in this research and the level of access they potentially have to institutional support.

Devey, Skinner, and Valodia (2006) cited in dti (2008), believe that most government small business initiatives have not been beneficial to the informal sector. In this regard, Rogerson, cited in dti (2008), has noted that for the period 1994–2003, the dti funding allocations for SMMEs have inevitably favoured and been heavily biased towards support for established small and medium enterprises, rather than emerging micro-enterprises and the informal economy and the base of the pyramid.

Figure 1: First and second economy and SMMEs



Source: Kirsten (2006)

Female-owned firms were found to be of specific importance within the transition context. The reasons are that besides helping to reduce female unemployment by employing themselves and hiring other females, female entrepreneurs also serve as role models that make younger generations aware of alternative occupational opportunities. The female-owned firms are said to help speed up the transition process through their creativity and innovative capacity and through further development of the private sector (Van der Zwan et al., 2010).

Indicating how empowered women can empower others, Verduyn, in Makura (2010) on her article on Jenna Clifford, states that she employs “no fewer than 70 people and about 80% of these are women”. Jenna Clifford is described as a “long standing advocate of gender equality and women’s rights”. Jenna’s stance on gender issues has been described as an important component of her business philosophy. Alec Erwin, the former Minister of Trade and Industry, states in a report (dti, 2006) that by supporting women enterprises, the government will be contributing to growing the economy, achieving greater equity in our society as well as increasing levels of employment.

South Africa is not unique in its challenges with regards to the reduced number of female entrepreneurs, as Elliot, Weller and Cooney (2001) indicate in their research for an agency of the dti UK, the Small Business Service that works to promote the interests of SMMEs. The organisation states that in July 2001 its goal was to work to increase female entrepreneurship to be comparable to economies such as the US. This was to be achieved through conducting

research on women entrepreneurs' needs and thereafter taking action to tackle any barriers identified. The research found women to be underrepresented in existing businesses and as well as business start-ups. The Small Business Service deemed it important to establish the reasons for this and respond to the challenges appropriately. In the South African context, the major dti initiatives providing support to women entrepreneurs in the SMME environment and from which sampling will be based are listed below.

2.2.1. The Department of Trade and Industry (dti)

The institutional support being investigated in this report is mainly under the auspices of dti-led initiatives. The dti in its official website lists its strategic objectives as

- Enabling transformation of the economy to allow industrial development and investment, build competitiveness and create employment
- Forming mutually beneficial regional and global relations to advance South Africa's trade, industrial policy and economic development objectives
- Supporting broad-based economic participation through targeted interventions to achieve more inclusive growth
- Promoting a professional, ethical, dynamic, competitive and customer-focused working environment that ensures effective and efficient service delivery
- Creating a fair regulatory environment that enables investment, trade and enterprise development in an equitable and socially responsible manner.

2.2.2. South African Women Entrepreneurs' Network (SAWEN)

SAWEN is a dti initiative and a networking platform for individuals and organisations with the objective of advancing women entrepreneurship. SAWEN assists women-owned business start-ups to get registered and provides information, advice and referrals, tender information and advice, training, company audits and assessments, technical support, business coaching and mentoring, market access and business linkages and cooperative development (dti, 2010).

According to the SAWEN website, it offers the following services for women entrepreneurs:

- Provide a national vehicle that brings women together and addresses the challenges faced by them.
- Lobby government, public and private institutions on such issues; not limited to policy, legislation or proposed legislation affecting either directly or indirectly the trade and commerce activities of women entrepreneurs.
- Align the organisation with other bodies or organisations with similar business at both a national and international level, and leverage the relationships arising out of these alignments for the benefit of its members.
- Facilitate access to business resources, information and opportunities for South African women entrepreneurs in a way that promotes their effective participation in the global economy. The above services are charged at an annual fee of R300.

2.2.3. Shanduka Blackumbrellas Incubators

Shanduka blackumbrellas is a registered non-profit incubator organisation. Members of SAWEN may join this organisation. Its mission is to collaborate with partners in the private sector, government and civil society to address the low levels of entrepreneurship and high failure rate of 100% owned emerging businesses in South Africa. It nurtures qualifying businesses in the critical first three years of their existence by providing incubators with office infrastructure, professional services and a structured mentorship programme at a subsidised

rate. The aim is for these businesses to generate at least four jobs on becoming sustainable within the incubation period. Shanduka blackumbrellas can assist with access to financing, drawing up business plans and marketing plans. According to the website, the services offered to support the businesses for a monthly fee, currently R1100, charged to participating members are:

- Provision of office space, telephone, reception services, computers, fax printing and access to a vehicle and driver
- Internet access and email and business software
- Database of business tools and bookkeeping services
- Mentorship and marketing support
- Access to other companies with which to network and inclusion in the black pages business directory to access business opportunities

2.2.4. Khula Enterprises Finance Limited

Khula Enterprises is a dti initiative and a wholesale finance institution that operates across the public and private sectors through a network of channels to provide funding to small businesses. The channels that it operates through include the leading commercial banks, retail financial institutions and specialist funds and joint ventures in which it is a participant. Its primary objective is to bridge the SME market not addressed by commercial financial institutions (dti, 2010). The main components to its funding are: funding for retail financial institutions (RFIs); offering a credit guarantee scheme; providing equity capital; and gearing capital for public and private sector-specific funds targeting small enterprises in specific sectors (dti, 2010).

2.2.5. Technology for Women in Business (TWIB)

TWIB is a programme of SAWEN which aims to ensure that women involved in arts and craft, manufacturing, mining and energy, construction, tourism and

information and communication technology are able to adopt technology and science as an integral business solution for strengthening their enterprises irrespective of size and location (dti, 2010). Reiterating the importance of technology, Pam Golding's Peter Golding states that their key lesson number three relates to technology. They advise entrepreneurs to lead with the latest technology, as the use of computers creates anonymous unlimited capacity for expansion (Ellison Brown, in Makura, 2010).

2.3. SMME sector

The White Paper on Small Business states that there are more than 800 000 small, medium and micro-enterprises in the country, which absorb about a quarter of the labour 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 (dti, 2008). Of the economically active enterprises of known size (based on annual turnover), in March 2007: 36% were micro enterprises, 46% were very small enterprises, 11% were small enterprises, 4% medium enterprises and 3% were large enterprises (dti, 2008). These categories are important in order to classify the women entrepreneurs that will be addressed in the research questionnaire. In terms of segmentation by business type, the breakdown of business is made up as follows:

- Financial intermediation insurance, real estate and business services (44%)
- Wholesale and retail trade; repair of motor vehicles, motor cycles and personal and household goods; hotels and restaurants (23%)
- Manufacturing (11%) (dti, 2008).

SMMEs are said to represent an important vehicle to address the challenges of job creation, economic growth and equity in South Africa. Stimulation of SMMEs is an integrated strategy to take the economy onto a higher road, resulting in a diversified economy, enhanced productivity, stimulated investment and flourishing entrepreneurship (dti,2008). Morris and Hooper, 1996, cited in O'Neill and Viljoen, 2001, postulate a new viewpoint: that entrepreneurs are

found in organisations of all sizes and types and small business owners are not necessarily entrepreneurs.

Research conducted on Indonesian entrepreneurs attests that SMEs will grow in the long run for three main reasons,: they create a niche market for themselves, act as a last resort for the poor and will grow along with large enterprises due to production linkages in the form of subcontracting (Tambunan, 2008). In South Africa, the SMME sector is composed of four entrepreneurial categories.

2.3.1. Survivalist and micro enterprises

Survivalist enterprises are defined as activities by people unable to find a paid job or get into an economic sector of their choice. Income generated from these activities usually falls far short of even a minimum income standard, with little capital invested, virtually no skills training in the particular field and only limited opportunities for growth into a viable business. Avoiding poverty and the attempt to survive are the main characteristics of this category of enterprise. A large percentage of this sector is made up of women (the dti, 2008). With institutional support such as microfinance support for the bottom of the pyramid, women businesses and entrepreneurship could be propelled on a trajectory from survivalist to medium enterprises, as illustrated in Figure 2 (Veeramani *et al.*, 2009)

Micro enterprises often involve only the owner, some family member(s) and at the most one or two paid employees. They usually lack 'formality' in terms of business licences, value-added tax registration, formal business premises, operating permits and accounting procedures. Most of these enterprises have a limited capital base and employ only rudimentary technical or business skills among their operators. However, many micro-enterprises can advance into viable small businesses.

Earning levels of micro-enterprises differ widely, depending on the particular sector, the growth phase of the business and access to relevant support (the dti, 2008).

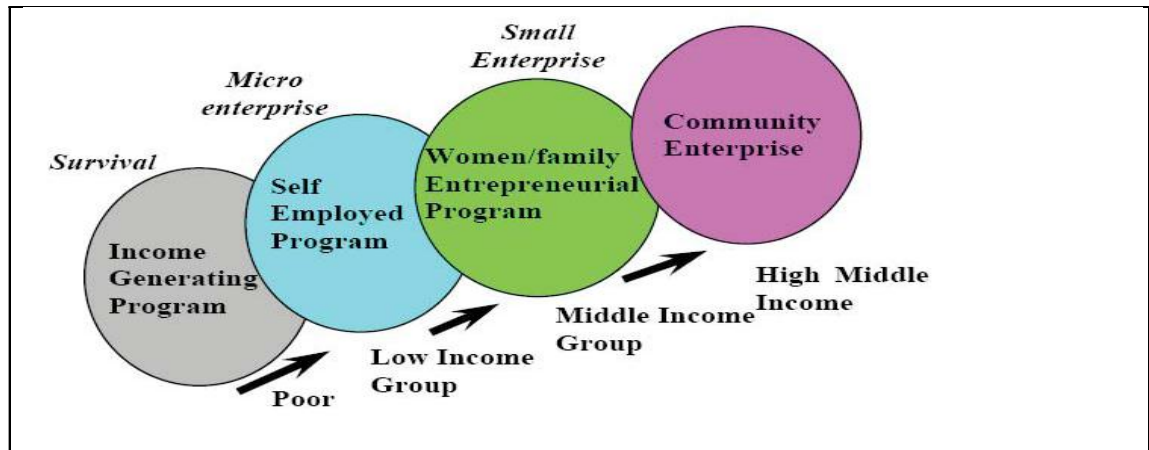
Emphasising the value of growing the firms from micro finance into small and medium firms is the fact that this sector contributed the least growth in the SMME categorisation for the period between 2004 and 2007, at -5.6% (the dti, 2008).

2.3.2. Small and medium enterprises

Small enterprises constitute the bulk of established businesses, with employment ranging between five and about fifty employees. The enterprises are usually owner-managed or directly controlled by the owner or community. They are likely to operate from business or industrial premises, be tax registered and meet other formal registration requirements (the dti, 2008)

Medium enterprises constitute a category difficult to demarcate from "small" and "big" business categories. They are still viewed as basically owner/manager-controlled, though the shareholding or community control base could be more complex. The employment of 200 people and capital assets (excluding property) of about R5 million are often seen as the upper limit (the dti, 2008)

Figure 2: Women Entrepreneurial development



Source: Veeramani, Selvaraju and Ajithkumar, 2009

2.4. Feminism and gender

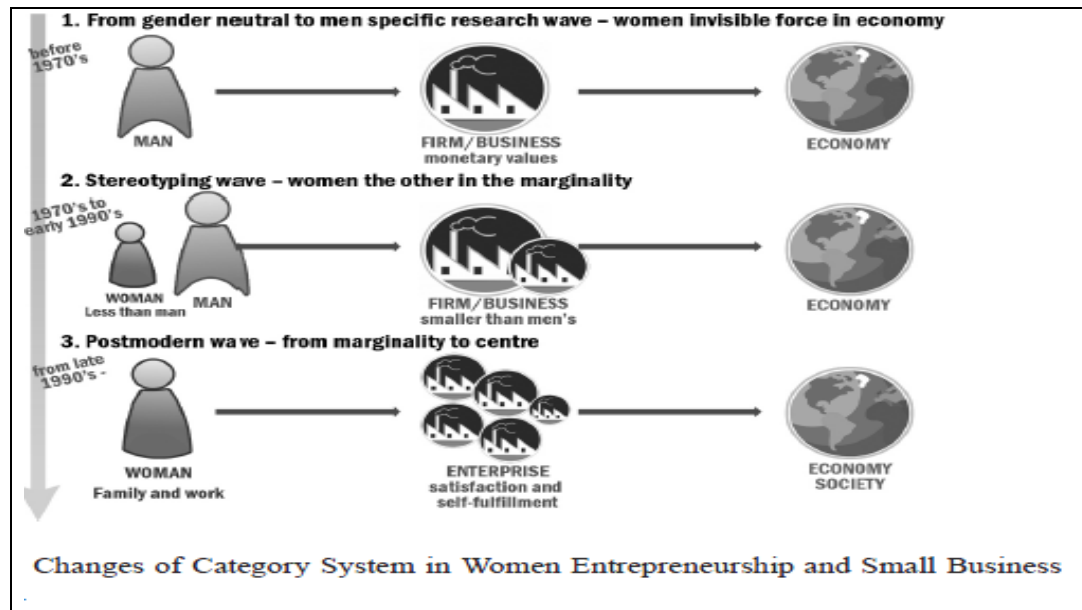
2.4.1. Gender

Gender refers to the socially constructed differences between men and women, which can change over time and which vary within a society and between societies (dpsa, 2006). Mirchandani (1999) states “it would be useful to understand entrepreneurship as itself ‘a gendered’ activity”. He adds that approaches to women and entrepreneurship would benefit greatly from theoretical insight on gendered processes in work settings developed within feminist theory. He points out that women business owners continue to predominate in the poorly paid service and retail sectors. He refers to the optimistic view by other authors, which attributes women’s motivation to become entrepreneurs to their desire to balance work and family responsibilities and blocked mobility within corporate structures (Mirchandani, 1999).

According to Kyro (2009), research into women entrepreneurship and small business has changed over the years on an individual, micro and macro level in response to gender theories in three waves. This refers to waves of research of women categorisation (Figure 3). In the first wave, women were invisible in the business arena (the theories moved from gender-neutral to men reference points. The second wave followed feminist observation and compared women entrepreneurs with men and their ideas.

This wave ended up classifying women as the ‘other’ as marginalised. The third wave of research started to challenge the otherness in the marginality and sought to define its own concepts across all three levels.

Figure 3: Changes of category system in women entrepreneurship and small business research

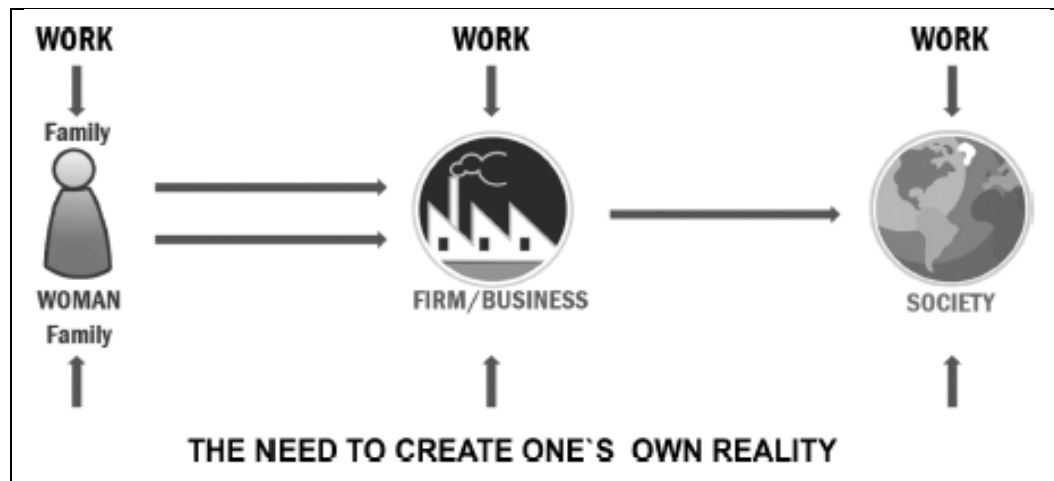


Source: Kyro, 2009

The research by Kyro (2009) concluded by finding new ways of categorisation, highlighting the meaning and starting point of the family in becoming a woman entrepreneur (Figure 4).

Although in this viewpoint the system still consists of three levels, Kyro (2009) excludes the economy and includes society, work and a “need to create one’s reality” as central to women entrepreneurs as two different ways of perceiving women’s entrepreneurship. Kyro (2009) emphasises that the relation of these two concepts as the need to create one reality is often perceived through work.

Figure: 4. The need to create one's reality



Source: Kyro, 2009

2.4.2. Gender influences on women entrepreneurship

Greene *et al.* (2003), in their paraphrasing of Gertrude Stein, state that an “entrepreneur is an entrepreneur is an entrepreneur”, and size, shape, colour or sex of the entrepreneur should not matter. The authors argue that if this were the case, good research on entrepreneurs should generate theory applicable to all. They point to the fact that although there may be personal demographical similarities, there are differences in business and industry choices, financing strategies, growth patterns, and governance structures of female-led ventures. These are compelling reasons to study female entrepreneurship. Research in the last 25 years has focused on areas of similarities but has been slow to focus on areas of difference.

Mirchandani (1999) states that by venturing into entrepreneurship, women and other disadvantaged groups can achieve material and personal success, independence and control over the products of their labour and avoid many of the barriers they would face in large organisations. He states that exploring links between social stratification, business ownership, organisational structure, and industry focus can provide useful insights on entrepreneurship.

Alluding to the gender criterion of success for women being different to male entrepreneurial success Green and Cohen (1995) refer to women entrepreneurs seeming to identify success differently by *their* criteria. The criteria women base their own success on are based on personal and professional growth, being able to strike a balance between work and home life, the desire to pursue certain beliefs and values and a commitment to “give something back to the community”.

Morris *et al.* (2006) concluded in their research that growth is a “**deliberate** choice and that women have a clear sense of the costs and benefits of growth, and that they make careful trade off decisions”. However, these choices may also be a reflection of the on-going socialisation processes experienced by women. Although women may be encouraged to pursue professional careers, many women are taught not to be risk takers and not to be competitive or aggressive. Education and training programmes do not explicitly help to address role conflicts such as balancing building high growth ventures with other life roles (Morris *et al.*, 2006).

Emphasising the dual role within society that women need to fulfil, whether employed by organisations or running their own businesses, Green and Cohen (1995) state “self-employment as a phenomenon does not appear to alter most women’s fundamental position (or world view) in any significant way; the move from employment to self-employment seems to represent a retrenchment of these positions, enabling women to more effectively cope with the demands of paid and unpaid work, and thus to ensure that they continue to accept responsibility for both”.

Other research emphasising the gender issue affecting women entrepreneurship reveals that the entrepreneurship role might not lead to fulfilment, owing to women entrepreneurs having “lower levels of self-confidence than men at all stages of entrepreneurship”, which would in turn have implications for business growth and access to finance particularly (Kirkwood, 2009).

Mueller and Conway Dato-On (2007) refer to the fact that the tasks of an entrepreneur are not all instrumental or “masculine” in nature, as some

require “feminine” qualities. Referring to an entrepreneur needing different traits at different levels of the venture maturity, they point out that early in venture creation, the tasks might demand a strong mix of masculine and feminine traits (androgyny), which will improve performance. Later in the venture creation process, an individual with strong masculine orientation might succeed in entrepreneurial tasks associated with leading and persuading others (Mueller and Conway Dato-On, 2007).

A study of men versus women learning styles showed that men reported higher levels of academic self-confidence and perceived themselves as adopting a deeper approach, while females, on the other hand, reported higher levels of anxiety about coping and fear of failure (Sadler-Smith, 1996). Both men and women are motivated by self-realisation, financial success, and autonomy in starting a new business venture. However, women were found to be further motivated by status (Manolova, Brush and Edelman, 2008). Women may perceive entrepreneurship as a status-inducing occupation owing to its perception as a ‘male domain’. (Dickerson and Taylor, 2000; Verhal *et al*, 2005 as cited in Manolova *et al.*, 2008).

Some research studies examining the discrimination and social aspects of male- and female-owned business in entrepreneurship have been found to be lacking and to explore very little ranges of differences (Fischer, Reuber and Dyke, 1993, cited in Morris *et al*, 2006).

A study carried out on Canadian women entrepreneurs (Hughes, 2006) points to notable differences among Canadian women entrepreneurs by defining three types of entrepreneurs among the women: classic; forced; and work/family entrepreneurial types. The study explains that classic entrepreneurs are motivated by independence, challenge and financial independence, which are reasons that also apply to men. Forced entrepreneurs are motivated by unemployment, job loss and lack of opportunities. Work/family entrepreneurs were motivated by work/family balance and flexibility. The study findings are that although there are shared interests, there are still important sources of diversity among the women and

a key question would be how well policies and programmes respond to each distinct group. Hughes (2006) goes on to expound how most current programmes seek, for example, to improve business performance and growth, an issue that would closely relate to classic and forced entrepreneurs, but would be less relevant to work/family entrepreneurs due to *their* conscious effort to trade off growth, financial returns and quality of life (Hughes 2006). Verheul *et al.* (2004) support this view by their assertion that women may have specific entrepreneurial capabilities and preferences compared to men.

Table 1 shows the differences in male and female entrepreneurship.

Table1 Comparison between male and female entrepreneurs

Characteristic/Need	Male Entrepreneurs	Female Entrepreneurs
Starting a business	Have set the foundation in the business environment for women entrepreneurs to follow	Late comers to the entrepreneurial game- some women are unaware of the fact that they can conduct business activities on their own
Types of business started	Manufacturing or construction. 21 st century service related - such as hairdressing and guest houses	Service related - examples include guest houses, coffee shops
Relationship building	More short term oriented. Male entrepreneurs search for the best way to get the job or deal done	Women tend to build strong relationships with service providers, especially lenders such as bankers
Access to finance	Can be a barrier if male entrepreneur does not have adequate collateral	Seen as women entrepreneurs' most severe barrier, as well as discrimination. Must take their husband or male family member along to the bank when applying for financial assistance
Support groups	Friends, professional acquaintances, colleagues, business partners and spouse	Spouse, network group or association, e.g. the Business Women's Association and family members

Sourced: from Nieman & Nieuwenhuizen (2009) p 40

2.4.3. Gender differences between men and women in entrepreneurship

Gender-based research on entrepreneurs has generally indicated that similarities between the two sexes outweigh the differences (Brush, 1992, cited in Morris *et al.*, 2006). Other research conducted in Israel also refers to male and women entrepreneurs having more similarities than differences in the small business arena (Malach-Pines and Schwartz, 2007). Yet Rietz and Henrekson (2000), cited in Morris *et al.* (2006) note business performance

differences between ventures started by men versus women in terms of revenue growth. Some of the literature (Niemen and Neiuwenhuzen, 2009; Van der Zwan *et al.*, 2010) reveals that although the characteristics of women and men entrepreneurs are generally very similar, the women entrepreneurs differ in terms of motivation, business skills and occupational background. In business associations women were found to forge relatively strong ties versus men, who forged weak ties. Women were also found to forge egalitarian coalitions, while men forged relatively hierarchical coalitions. This in turn allows men to create organisations that allow a larger span of control.

Relaying differences on business start-ups, Manolova *et al.*, (2008) state that “there are significant differences based on sex on the motivations for starting new ventures”. In this context they suggest that a fine-grained analysis is appropriate when looking at start-up behaviours. Women entrepreneurship has been said to be characterised by both horizontal and vertical occupational segregation. Horizontal segregation refers to women and men working in different contexts as both employers and business manager-owners. Vertical segregation refers to the less rewarded position of women-dominated industries as well as to women’s lower positions within industries (Kyro, 2009)

Referring to gender differences, Ncube and Wasburn, 2010, state that lack of growth in small business should not necessarily be viewed as a failure, especially when applied to women-owned businesses. Growth is to be viewed **fundamentally** as a choice made by the entrepreneur. This is explained by the authors as due to the fact that some entrepreneurs may be unwilling to hire additional resources to assist with an expanding business due to the lack of managerial and supervisory experience.

Men and women therefore differ in the value attached to business start-up size and expansion (Zinger *et al.*, 2007). The researcher further found that women entrepreneurs’ ability “to recognize opportunities in technological advances, new ways of competing, relocation of premises, and acquiring a competitor could be blunted by the limitations associated with operating the

business on a part time basis” (Zinger *et al.*, 2007). Research conducted in the UK found that women sole traders were likely to go into traditional female businesses such as health, beauty, hotel and catering sectors, but women operating in partnerships or limited companies were increasingly shunning traditional sectors and were equally likely as men to be in professional consultancies such as IT (Lloyds Bank, 2000, cited in Elliot, *et al.*, 2001). The women were found, however, not to be breaking into the non-traditional sectors in the same way as the women in the US.

The participation of women in the service sector is said to positively influence entrepreneurship, as the service sector is characterised by low initial capital requirements, which lead to low barriers to entry and facilitating start-up. Most services are characterised by a relatively small average firm size (EIM/ENSR 1997, cited in Verhuel *et al.*, 2006). The growth of service industries has also been considered a major factor in increasing female labour force participation (Oppenheimer 1970, Ward and Pampel, 1985, cited in Verhuel *et al.*, 2006).

(Anna, Chandler, Jansen and Mero (1999) state that women-owned businesses remain small in terms of revenue and number of employees, especially when compared with those of men. The reason could be that traditional attitudes about gender roles and accompanying stereotypes influence career choices and occupational efficacy (Hackett and Betz, 1981, cited in Manolova *et al.*, 2008). Women were found to establish businesses in the sectors in which they had employment experience (Elliot *et al.*, 2001).

2.4.4. Feminism

Feminism theory requires that entrepreneurship researchers try to prevent moulding women in the form of men (Morris *et al.*, 2006). Although feminist theory falls into distinct categories, the various theories share commonality in their emphasis on the historical domination of women by men and male-dominated societal policies (Flax, 1990: Ferguson 1989, cited in Morris *et*

al., 2006). Feminism theory focuses on the concept of change in organisations, society and the transformation of understanding (Morris *et al.*, 2006).

Liberal feminism discusses how sex and gender are intimately related to socialisation (Fischer, Reuber, and Dyke, 1993, cited in Morris *et al.*, 2006). The theory focuses on the disadvantages women face because of discrimination or lack of resources such as poor educational background.

Social feminism regards power relations as central to gender definition and concludes that socialisation experienced through life creates inherent differences between genders.

Radical feminism explores culture's role in giving greater worth to the male experience and suggests that if anything, the female experience warrants greater appreciation.

Postmodern feminism, on the other hand, believes that women are capable of defining and valuing themselves and therefore are able to move from marginality into the centre stage. Being the "other" encourages an individual woman to stand back and criticise the norms, the values, and practices that the dominant male culture seeks to impose on everyone (Kyro, 2009).

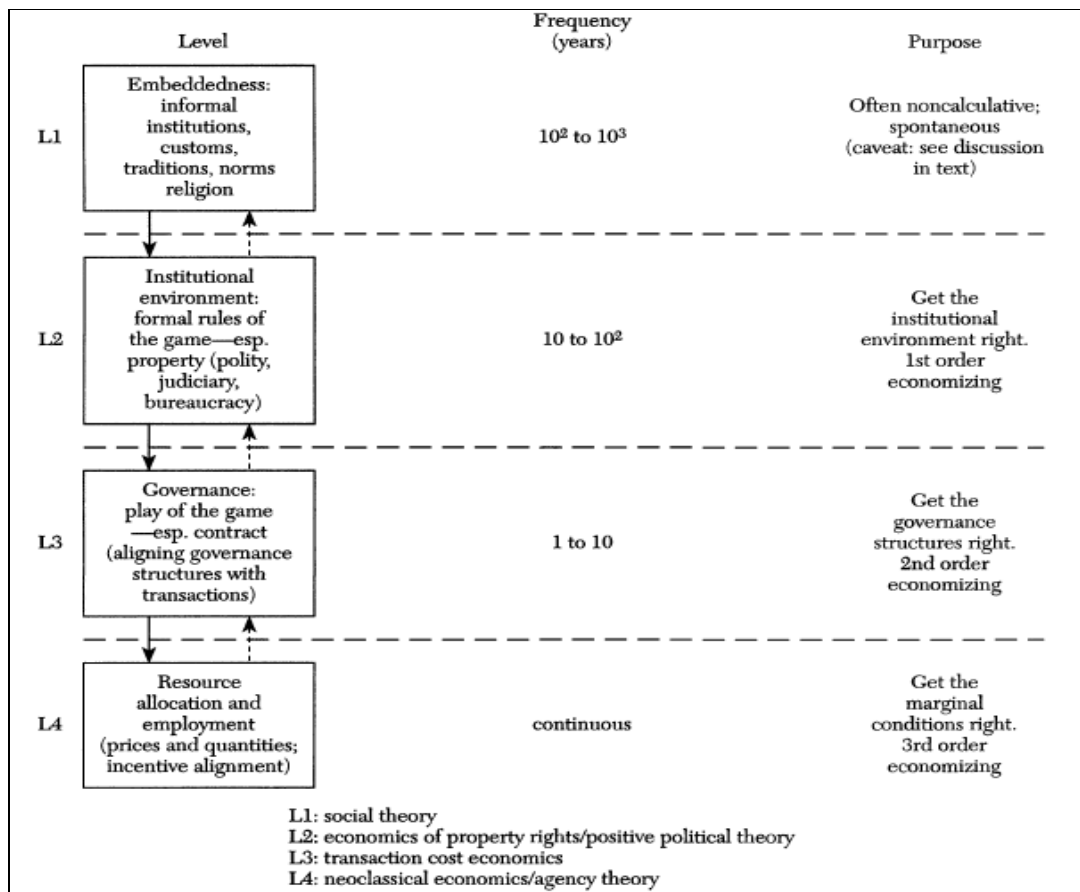
2.5. Levels of social analysis

This section will begin by exploring the general role of institutions and how these may affect women entrepreneurship. Williamson (2000), in his research on new institutional economics, cites Matthews (1986), referring to two propositions, firstly that institutions do matter, and secondly the determinants of institutions themselves as being subject to analysis by the tools of economic theory.

Williamson (2000) refers to the four levels of social analysis as represented in Figure 5. The solid arrows represent the fact that the higher level imposes constraints on the level that is immediately below it. The reverse arrows that

connect the lower levels with higher levels are dashed signal feedback. The author mentions that in due course the system is fully interconnected. (Figure 5)

Figure 5: The new institutional economics



Source: Williamson (2000) The new institutional economics: Taking stock, looking ahead

Level one is the social embeddedness level and represents the norms, customs mores, and traditions that are located at this level. Religion is said to play a major role at this level. A characteristic of this level is that institutions change very slowly at this level, in the order of centuries or millennia. Douglas North, 1991, cited in Williamson (2000), asks “what it is about informal constraints that give them such a pervasive influence upon the long run character of economies?” Many of these informal institutions have mainly spontaneous origins and a deliberative choice of a calculative kind is minimally implicated. The result is that institutions have a lasting grip on the way society conducts itself.

Level two represents the institutional environment. The structures in place are partly the product of evolutionary processes and the design opportunities also presented. These design instruments include the executive, legislative, judicial, and bureaucratic functions of government and the distribution of powers across the different government structures. The definitions of property rights and of contract laws are important features. The author goes on to state that massive discontent is said to occasionally produce sharp breaks from established procedures and presents rare windows of opportunity to effect broad reform. Without such windows, major changes in the rules of the game occur in the order of decades or centuries (Williamson, 2000).

Level three is where the institutions of governance are located and the governance of contractual relations is the focus of analysis. At this level the governance structures are aligned. Possible reorganisation of transactions among governance structures is re-examined occasionally, in the order of a year to a decade, often at contract renewal or equipment renewal intervals (Williamson, 2000). This level is to illustrate the ability of institutions to establish policy changes in an economy.

Level four is the level at which optimal apparatus, often marginal analysis is employed and the firm is described as a production function. At this level adjustments to prices and output occur on a more or less continuous basis and changes are instituted quicker. (Williamson, 2000).

2.6. Institutional support factors relating to women

Having looked at the general level of institutions, a focused study conducted in Poland based on transitioning economies and women entrepreneurship found that there were two factors that were the basis of a need for support organisations in these economies. These factors were the lack of availability of governmental support for entrepreneurship in general, and the lack of focus on the dimensions in which women entrepreneurs were different from men. These differences therefore required interventions tailored specifically to the women's needs (Bliss and Garratt, 2001).

The government was found to be supporting entrepreneurial firms' growth and expansion but did little to assist the rapid growth of firms.

Other female specific factors were found to be the lack of mentors, the culture's lack of respect for women in business and the women's insufficient business training. Women identified coping with family and work as the most difficult factor to running a business (Bliss and Garratt, 2001). Women in transitioning economies were found to differ from men in four factors: the obstacles they face, their reasons for starting a business, their goals and the factors they perceive as important to success (Bliss and Garrat 2001). These points support the contention that challenges faced by entrepreneurs could be gender based. If this is the case, institutional support offerings for women entrepreneurs would need to be tailored to address the gaps they experience in the institutional offerings.

Showing the array of roles women play in society at the bottom of the pyramid, Veeramani *et al.* (2009) attest that "the key issue for successful microfinance programs focused on women should consider them in a broader context, as a family nucleus that is vital for societal improvement and progress". The lack of women entrepreneurship successes despite available institutional support indicates that self-employment could be an individual solution to the "lack of employment alternatives" and is unlikely to alter women's structural positions in the labour market or the household (Mirchandani, 1999).

2.6.1. Formal and informal institutional factors

When evaluating the impact of institutional support on female entrepreneurship, one has to distinguish between formal and informal institutional factors. Formal institutional factors are legal statutes and regulations. Informal factors reflect the values and general attitudes towards women in their role in society, and wider influences on the environment for business development. Informal institutions evolve as a culturally specific interpretation of formal rules, modifying and assisting in enforcing formal institutions (Aidis *et al.*, 2007) The authors go on to

attest that unwritten rules may fill legal gaps that become apparent only as laws and regulations are applied to daily life (Refer Table 2).

In South Africa, across all population groups, employed women spend far more time, on average, than employed men on unpaid tasks such as housework, caring for household members, and community work (statssa, 2002).

Table 2 Institutional influences on female entrepreneurship

<i>Formal</i>	<i>Informal</i>
<ul style="list-style-type: none"> • Formal gender equality recognized by law 	<ul style="list-style-type: none"> • Discrimination against women in the workplace
<ul style="list-style-type: none"> • Labour market legislation 	<ul style="list-style-type: none"> • Traditional attitudes (forbidding certain work for women)
<ul style="list-style-type: none"> • Tax legislation(effect on dual earners) 	<ul style="list-style-type: none"> • Religious beliefs
<ul style="list-style-type: none"> • Childcare infrastructure 	<ul style="list-style-type: none"> • Entrepreneurship seen as male activity
	<ul style="list-style-type: none"> • Society's attitude towards women and employment
	<ul style="list-style-type: none"> • Family values
	<ul style="list-style-type: none"> • Attitudes inherited from socialist period

Source: From Welter et al (2003) cited in Aidis, Welter, Smallbone, and Isakova, (2007)

2.6.2. Changing gender inequality institutionally

With a view to changing informal factors, one would look at generally how people now speak of “institutional change” as the requirement for addressing the root causes of gender inequality. Kyro (2006) states that if a woman is to become a self, a subject, she must like man transcend the definitions, labels and essences limiting her existence.

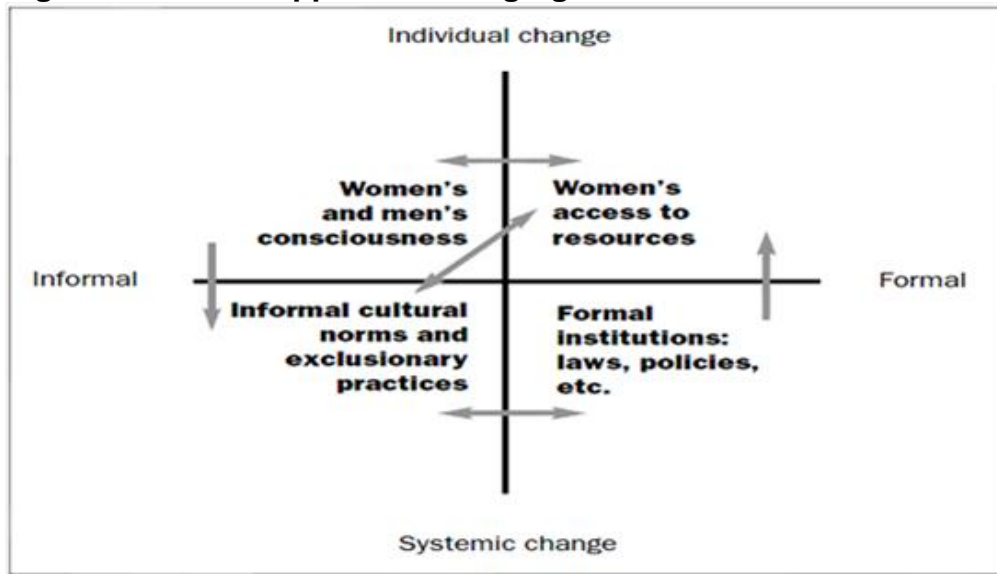
This means changing the rules of the game representing the stated and unstated rules that determine who gets what, who does what, and who decides (Goetz 1997, North 1990, Rao and Kelleher, 2002, cited in Rao and Kelleher,

2005). These rules may be formal, such as constitutions, laws, policies, and school curricula; or informal, such as cultural arrangements and norms regarding who is responsible for household chores, who goes to the market, who decides on the education of children, or who is expected to speak at a village council meeting. It also means changing organisations which, in their programmes, policies, structures, and ways of working, discriminate against women or other marginalised groups in one or other of the four areas listed below. Some organisations, for example, work on legal and policy change, while others focus on changing material conditions. However, in order to bring about gender equality, change must occur both at the personal level **and** at the social level. It must occur in formal and informal relations (Rao and Kelleher, 2005). Figure 6 illustrates the holistic way in which changes can be effected institutionally, at an individual level, and within formal and informal structures. This illustrates how institutions and women both need to change to achieve higher female entrepreneurship.

The following four clusters impact on each other to bring about a holistic change at both the personal and institutional level are as shown in Figure 6 are:-

- Women's and men's individual consciousness (knowledge, skills, political consciousness, commitment);
- Women's objective condition (rights and resources, access to health services and safety, opportunities for a voice);
- Informal norms, such as inequitable ideologies, and cultural and religious practices;
- Formal institutions, such as laws and policies (Rao and Kelleher, 2005)

Figure 6: Holistic approach changing formal and informal structures



Source: (Rao, Kelleher, 2005)

2.6.3. The strategic interventionist approach

This refers to government's direct involvement in the economy, as advocated in the White Paper on Small Business, by actively encouraging small business development through favourable tax concessions (Adibi, 1996, Goodman *et al.*, 1992, Steel, 1993, cited in O'Neill, Viljoen, 2001) deregulation (Buvinic, 1993:295; Goodman *et al.*, 1993:78-81; Osei *et al.*, 1993:70; Pearce and Sawyer, 1996; Steel, 1993:43 cited in O'Neill and Viljoen, 2001), and educational training for entrepreneurs (Bergqvist, 1995; Erwee, 1987; Maas, 1993; Maheda, 1996; Peterson, 1988, cited in, O'Neill and Viljoen (2001)

O'Neill and Viljoen (2001) state that for developing countries such as South Africa, the strategic interventionist approach is the most appropriate approach, provided that the assistance and expenditure are monitored in the light of limited capital resources. Bushell (2008) also emphasises the importance of government institutions in conducting informational campaigns about law changes addressing women entrepreneurs and disseminating this information through business organisations.

2.7. Introduction to support

Carrier *et al.*, cited in Makhbul and Hasun (2011) attribute the success of an entrepreneur to the support received from others. This support can be formal or informal. Formal support is defined as financial, technological, and strategic partnerships or industrial contacts. Informal support may come from personal and community-based networks (Leveret *et al.*, cited in Makhbul and Hasun, 2011). Chinese entrepreneurs in Hong Kong were found to excel in their businesses due to their practice of ‘familism’, which practised kinship ethnicity. This included the role played by territorial background in bringing the entrepreneurs closer and creating barriers to people who were not from the same group (Wong, 1988, cited in Makhbul and Hasun, 2011). Support for entrepreneurs was also found to be contributed by mentoring (Cox and Jennings, 1995, cited in Mohd and Mahomad, 2011, Burr and Strickland, 1992, cited in Greene *et al.*, (2003) refer to a constructive environment that includes a **positive** attitude towards women entrepreneurs from business and political leaders as critical to the development of a strong female entrepreneurial community.

2.7.1. Operational support

In this context, operational support represents the amount of support given in the way of advice and expertise as defined by the dti in (SAWEN,2005)

There is a gender element to the types of businesses headed by women as they tend to be smaller than those headed by men. This affects the business’s ability to expand and move into the next tier of operation (Nieman and Neiuwenhuzen, 2009). An FNB-commissioned survey on women entrepreneurs in South Africa revealed that women considered themselves as having the right management skills to operate their businesses but had a lower perception of their ability to be able to deal with higher risk levels and financial matters (FNB, 2011).

A study of Canadian male and female measures of business success in small businesses based on factors such as sales volumes, number of employees, and net earnings revealed that women-owned business displayed more modest levels of performance than male-controlled businesses. Not only were the businesses smaller, but they had grown more slowly than the businesses owned by males (Zinger *et al.*, 2007). The other identified difference between male entrepreneurs and female ones is that while males often place greater weight on economic objectives, female small business owners showed a greater tendency to consider aspects such as personal enjoyment and the opportunity for self-actualisation (Zinger *et al.*, 2007).

The survey by O'Neill and Viljoen (2001) revealed that women entrepreneurs expressed concern about the lack of co-operation from service providers and capable institutions' insufficient empowerment by government.

Women entrepreneurs of all kinds have high levels of interest in training and education and enjoy higher economic returns as a result of engaging in them. Skills development and training have a critical role to play in order to improve the economic performance of women entrepreneurs (Hughes, 2005, cited in Hughes, 2006). Public policy that addresses these common interests as well as the diversity of the women entrepreneurs will greatly facilitate women's success in entrepreneurship (Hughes 2006).

Morris *et al.* (2006) mention the perception that women face unique challenges in selling and identify this as a key obstacle for women entrepreneurs. The need for women to develop stronger engineering and science skills may be misplaced and women may be lacking selling skills. However, they state that the inability to sell may be as result of women's lack of access to networks and connections, which is addressed as emotional support in this research study.

The FNB survey (Table 3) reveals a strong use of professional advice available by women. The table shows that women have access to a diverse network from which to draw support for the varying aspects of their

businesses. An interesting fact picked up by the survey was the high reliance by the women on their customers, the very people they are offering their services and goods to. Business owners were less likely to seek advice from current employees or their colleagues, while the reason for the start-ups using this channel less could be the fact that they do not employ many people? (FNB, 2011).

Table 3: Intended sources of advice

Category	Type	Business owners (%)	Start-ups (%)
Private	Family members	62	66
	Personal friends	62	68
Work	Current employees	53	51
	Colleagues/managers	52	65
	Business partners	79	81
Professional	Professional advisors	68	71
	Accountants/lawyers	78	68
	Mentor/coach	69	87
	Bankers	63	75
Market	Competitors	49	57
	Suppliers	68	72
	Customers	77	84

Source: FNB The State of Female Entrepreneurship in South Africa 2011

2.7.2. Emotional support

Emphasising the role of networks, Shapero, 1992, cited in Bushell (2008) refers to women experiencing low social integration due to the few ties they have to the core social system. The small enterprises they engage in and the networks they have tend to mostly allow face-to-face communication between dealers and customers who promote their products by encouraging others to try them. These women engage in “comfort zone movement” by operating only among clients they know (Bushell, 2008).

The importance of networks emanates from the fact that entrepreneurs require information, capital, skills, and labour to start business activities. Although they may hold some of these resources themselves, they often complement their resources by accessing their contacts (Aldrich and Zimmer, 1986; Aldrich *et al* 1991; Cooper, Folta, and Woo, 1995; Hansen, 1995 cited in Greve and Salaff, 2003). The size of available networks assists entrepreneurs to access crucial information and other resources from knowledgeable others as well as enabling entrepreneurs to position themselves within a social network to shorten the path to knowledgeable others to get what they need (Blau, 1977; Burt, 1992; Granovetter, 1973, cited in Greve and Salaff, 2003).

Although networks are important, other research has found that having a high proportion of kin and homogeneity in the network created critical disadvantages for small business owners (Renzulli, Aldrich and Moody, 2000, cited in Greene *et al.* (2003). Extensive, non-homogeneous networks contribute to diverse members who have various educational and professional backgrounds. These members in turn contribute to generating diverse resources such as financial capital supplies and new technology and create capabilities that help new venture firms to develop a competitive advantage. This in turn increases performances of new companies (Sirmon Hitt and Ireland, 2007, cited in Barjargal, Hitt, Webb, Arregle and Miller, 2009).

A different view is held by Makhbul and Hasun (2011) who, in their study of factors contributing to success for entrepreneurs in West Malaysia, found that political and social networks and government support provided minimal support to the success of entrepreneurs; they attribute success to the entrepreneurs' independence and ability to make their own decisions and control the organisation. They conclude that entrepreneurial success rests in a combination of the entrepreneur's leadership and ability to assess relevant and important information from networking.

Co-operation with other entrepreneurs (both male and female) has been a source of survival for women entrepreneurs faced with business problems and constraints. In cases where there is inadequate formal assistance, informal sources such as spouses and other family members are a form of support. Research evidence from a Ukraine case study highlighted the fact that female networks may not be helpful in nurturing subsequent business growth, due to the limited size of the female business community in emerging markets. What was found to be more effective was the characteristics of the networks themselves (Aidis *et al.*, 2007). With respect to gender differences in networking, males were found to tend to access more powerful networks, which in turn led to more effective business support (Aidis *et al.*, 2007). Reiterating the importance of networks, membership in an association or network of business women was found to have a highly significant effect on profitability (Greene *et al.*, 2003).

Networks are defined as “a pattern of formal or informal ties or relationships amongst economic and or non-economic players”. Local research found that “the low level of networks and inter-firm co-operation amongst the Small Clothing Manufacturing Enterprises (SCMES) in Durban accounts for the relatively poor performance in the industry in the past decade or two” (Owusu-Ampomah, 2010). Once a social network is in place, and the business is running, entrepreneurs will focus on daily business activities. They spend most of their time on the most useful external contacts to get information quickly (McCarthy *et al.*, 1990, cited in Greve and Salaff, 2003).

According to Iakovleva *et al.* (2006), the location of the entrepreneur in a social network provides various types of advantage. The authors point to the counter view that some research has revealed no relation between women’s entrepreneurial success and social capital (Carsrud, Gaglio and Olm, 1987, cited in Iakovleva *et al.*, 2006). However, other research has pointed to the daunting challenge women face in locating and obtaining appropriate information needed to take their businesses to the next level of growth (Gundry, Ben-Yoseph and Posig, 2002, cited in Iakovleva *et al.*, 2006).

2.7.2.1. Social network size, gender and new venture growth

Although some of the literature has been advocating networking, research has shown that larger networks can also hinder venture growth, as the costs of maintaining extensive networks could exceed the benefits obtained from them. Instead, the time spent in building and maintaining these networks could be invested in actions that grow the firm (Weiler and Bernasek, 2001, cited in Batjargal *et al.*, 2009).

Other research papers have found women's networks to be composed of large proportions of less wealthy and significant actors (McGuire, 2000, cited in Batjargal *et al.*, 2009). These networks typically consist of family members and close friends (Renzulli *et al.*, cited in Batjargal *et al.*, 2009). The disadvantage is that these strong ties can direct entrepreneurs' attention away from their ventures and channel their energies and time into alternative social activities, with limited value for their new ventures. Conflicting demands on the entrepreneur could be created by those who praise them for being successful and those who encourage them to fulfil their responsibilities as mothers, spouses and daughters (Lewis, 2006, cited in Batjargal *et al.*, 2009).

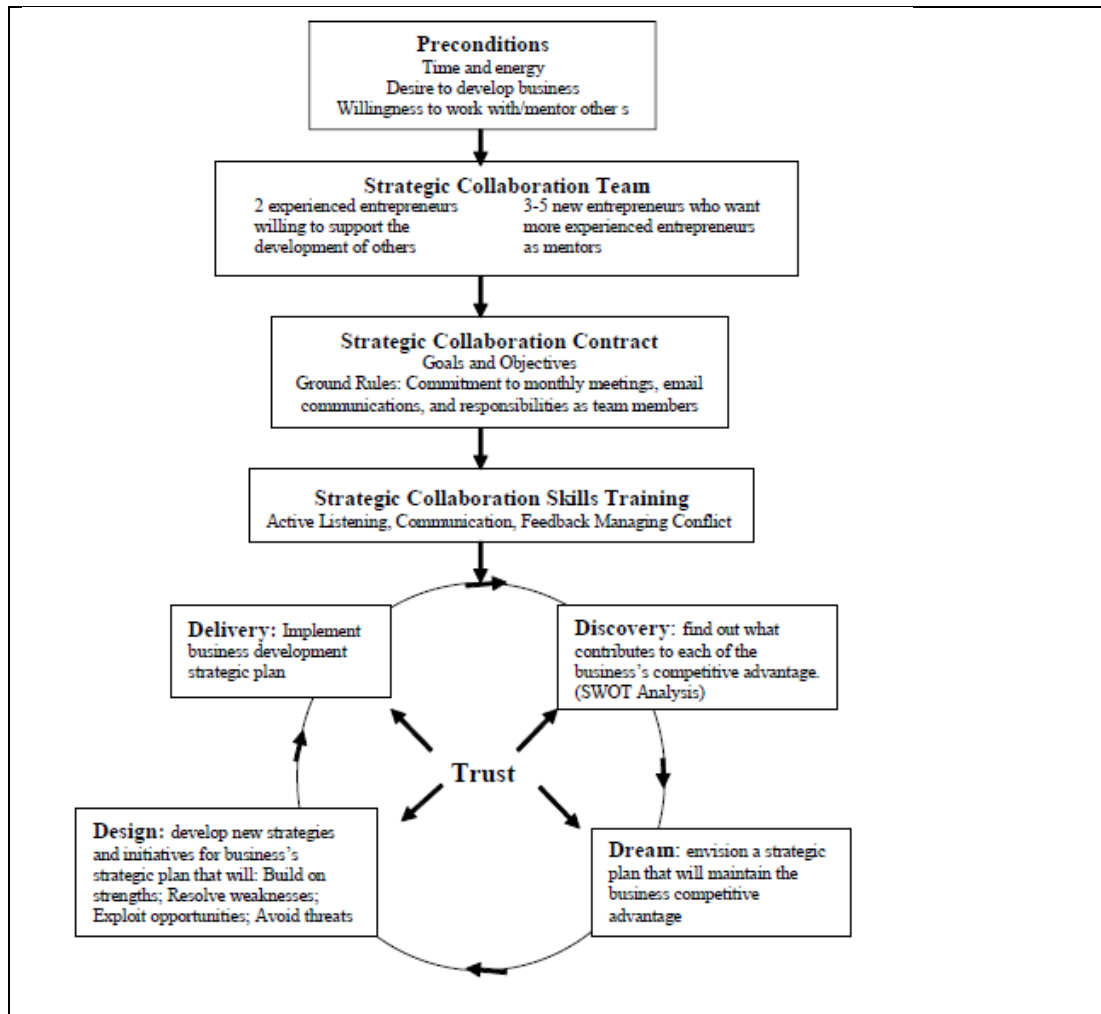
2.7.2.2. Strategic collaboration mentoring model

As a basis for women tending to prefer collaborative environments, and achieve better networking, the "Strategic Collaboration Mentoring Model" incorporating the Cooperrider's Appreciative Inquiry, has been found useful in women networking. This involves matching two mentors who must be experienced business owners with extensive business knowledge that they impart to their mentees and peer group. This framework is said to be potentially beneficial particularly to women (Helgesen 1995; Maier, 1999, cited in Ncube and Wasburn, 2010). The researched entrepreneurs stated their preferences for working with women involved in *non*-competing businesses.

Another factor was giving consideration to compatibility in values rather than consideration for similar characteristics such as gender, when seeking out mentors (Ncube and Washburn, 2010).

According to Ncube and Wasburn (2010), there are several phases to the model. The discovery phase encourages all women entrepreneurs to find out what is unique about their business and what contributes to their competitive advantage. The design phase allows both the mentors and peer group to determine how to leverage the unique qualities of their business in future. This would include a forecast of the future market landscape. The delivery phase involves implementing strategic plans that have been developed in the previous three phases. The implementation phase of the model assumes that adequate support and resources for the process are provided. A contract to specify all goals and objectives of the team to be accomplished, including the roles and responsibilities of each team member, should be drawn up. Trust plays an important and integral aspect in the model, as members make themselves vulnerable. Figure 7 illustrates the components of the Strategic Collaboration Model.

Figure 7: Strategic Collaboration Mentoring Model



Source: Ncube, Wasburn 2010

The conclusion of this research was that this model could benefit women entrepreneurs in the same way as traditional mentoring programmes, while avoiding many of the difficulties that beset those relationships. It provided a supportive peer group, and two more experienced entrepreneurs who could fulfil both career and psychosocial functions (Ncube and Washburn, 2010).

2.7.2.3. Family networks and friends

In the motivation stage in starting new business, entrepreneurs first explore the possibilities of starting their own business within a small circle of close contacts and carefully select people with whom they discuss their ideas. As a result of not wanting to commit themselves publicly to any particular

choice, they may limit their network to close friends and family (Greve and Salaff, 2003)

Family members can play a critical part. As they entertain, plan for, and actually set up a firm, entrepreneurs call on their family and others in their networks for different kinds of help and support (Rosenblatt, de Mik, Anderson, and Johnson, 1985, cited in Greve and Salaff, 2003). This emotional support enhances the motivation and determination of entrepreneurs to build successful firms. Psychological resources are said to assist the entrepreneur to devote more energy to growing the new venture (Batjargal *et al.*, 2009).

In emphasising the role of family for women entrepreneurs, Nelson (1989), cited in Anna *et al.*, (2000) states that many women business owners rely on a spouse or a significant other as an important factor in maintaining a business. In their study of women entrepreneurs in Pradesh, India, Rajani and Sarada (2008) found that 90% of the married women stated that they needed the emotional support of their husbands and family, in contrast to the men who stated that their families had not influenced their career choices.

However, although family networks can provide indispensable support, they can also limit the geographic range within which entrepreneurs can live and work (Anderson, 2008). Anderson's research study enhances understanding of the woman-owned American diner as a site of **interconnections** between daily life, family support and community engagement, and as a means of **resistance**, working to bridge the gap between the value of public and private work. The author further suggests this to be a common trait of many women-owned businesses, arguing that "home and business merge and it is difficult to draw a clear demarcation line between public space and private space".

As women, the diner owners have worked to construct their businesses as a nurturing place for a broader community of regular customers (Anderson, 2008). This strategy enabled the women entrepreneurs to employ skills they had developed through years of participation in the gendered social

institution of caring work in the private home to build successful and profitable businesses (Anderson, 2008).

Generally, middle-class South African women can have the added advantage of domestic support that can replace family support to allow women entrepreneurs more work time. To illustrate the extent of domestic help prevalence, a Statistics SA report states that “the most common form of economic activity is work as an employee other than a domestic worker”. This applies to over a third (37%) of the men and over a fifth (21%) of the women (statssa, 2002)

2.7.3. Financial support

The FNB sponsored survey carried out in South Africa (FNB, 2011) indicated that almost 80% of women entrepreneurs used their own savings to finance their business start-ups and opposed to obtaining loans. Bootstrapping however, should not necessarily be regarded as a bad thing as it has its advantages as well as disadvantages. The advantages are that it keeps the entrepreneur motivated while proving the concept without accompanying exposure to big financial risks. The disadvantages include the personal risk for the entrepreneur. Bootstrapping is said not to be effective in some sectors and this could compound any challenges facing the business if follow-on funding or collateral is limited (FNB, 2011). Women entrepreneurs may still have funding issues if they do not want to bootstrap their businesses and approach the institutions for loans.

Bushell (2008) refers to women in Nepal being theoretically equal to men in accessing credit, but in practice cultural and social barriers severely limit credit access for women. The author refers to deeply embedded cultural beliefs that withhold daughters from rights to inherit land from family, despite laws promulgating equal rights for sons and daughters. As collateral for bank credit is almost always land, women are prevented from starting their businesses as self-reliant risk-taking entrepreneurs. In addition, working capital loan requirements are not met, nor are the required business

performance history of at least five years before being considered. Alluding to the segregated treatment of women entrepreneurs, Bushell (2008) mentions the need for governments to encourage financial institutions to practise equitable treatment of women clients.

According to Constantinidis, Cornett and Asandei (2006), women entrepreneurs are not a homogeneous group and fall into three levels relating to human and social capital; these levels *affect* how they access finance. The levels of the women entrepreneurs are:

- Women with low levels of human, social and financial capital. This category relates to women who choose traditional businesses that are small and have limited growth, particularly in service and retail sectors, and have limited capital needs and are viewed by investors as being peripheral.
- Women who took over the family business. These women were found not to have problems accessing funding, including bank finance, due to mainly investing in male-dominated sectors. The credibility of their businesses was strongly related to association with male history, being the father, the husband, the partner, and they felt that they had to demonstrate that they could make it as well as, if not better than, a man. These women developed male leadership styles which corresponded better to entrepreneurship stereotypes, which are better suited to financing.
- Women with high levels of human, social and financial capital, who tend to use external funding and do not encounter a lot of barriers to access it. According to Buttner and Moore, (1997), Fasci and Valdez, (1998), cited in Constantinidis *et al.* (2006), these women are motivated to start a business due to two gender issues, which are reaching ‘the glass ceiling’ as salaried employees and wanting to better balance their family and work responsibilities. Their idea is not to work *less*, or use less of their competencies, but to be more flexible and independent in terms of work and time schedules.

Access to external sources of funding for women entrepreneurs has been found to be more difficult for women than men, but women were found to be more risk averse and sought external funding less (Aidis *et al.*, 2007). In a survey of women entrepreneurs, over 70% of women indicated that financial support was most important when compared to operational and emotional support (the dti, (unknown).Survey of women entrepreneurs. thedti.gov.za).

The quality of financial institutions influences entrepreneurs' ability to access capital and therefore, for example, to start their businesses at a cost-minimising scale or to survive short-term negative shocks (Estrin and Mickiewicz, 2009). In Bushel's (2008) study on Nepal women entrepreneurs, credit from financial institutions was less than 15% of the capital requirements of the women surveyed. Most of the capital requirement (81%) was obtained from family and friends, with the rest being funded from their own savings (Bushell, 2008).

In the past several decades, the US venture capitalist industry has developed to fund the relatively small but vital technologically sophisticated or capital-intensive start-ups. Angel investors have also been identified as an increasingly important source of early stage equity capital (Zoltan and Szerb, 2007). Although these venture capitalists are funding innovative business, other research has revealed that women engaged in traditional businesses receive higher financial support than women in non-traditional businesses (Anna *et al.*, 1999).

2.7.3.1. Gender treatment on finance application

Gender-based research on the application process for bank loans highlighted that female applicants were more likely to be assessed on whether or not they had undertaken sufficient research into their proposed businesses, while male applicants were likely to be assessed on whether they had supplied sufficient information about the business opportunity, the business' financial history, and their general personal characteristics.

This finding implies that gender differences lead bank loan officers to query both the comprehension of female entrepreneurs and the integrity and capabilities of male entrepreneurs. Gender was found to play a role in the credit decision making process, as loan officers evaluated male and female applicants not just on the merits of their individual case, but also on the basis of their perceptions of men and women that had been inculcated by their gender socialisation processes (Carter, Shaw, Lam and Wilson, 2007).

The above research study highlighted the fact that there were differences in the criteria used to assess the loan applications by the male and female loan officers. Female officers were found to be more likely to emphasise both the need to meet the applicant and be informed about the applicant's marital status. The emphasis on marital status could be seen as proxy for personal stability and financial responsibility. Female loan officers were also more concerned both with the business plan and with the terms and size of the loan. The size of loan was found to be a specific feature of discussions between female loan officer and female applicant. While female loan officers appear to focus on procedural and business elements of the loan application process, male loan officers' emphasised individualised decision making and internal negotiation within the bank (Carter *et al*, 2007). Male officers were more likely to query the commitment of the loan applicant, especially when the applicant was female (Carter *et al.*, 2007).

2.7.3.2. Factors inhibiting finance granting

To confirm lack of financing as an issue for women, a survey of Hungarian female entrepreneurs cited their difficulties in starting up their businesses as 1) being unable to obtain credit; 2) having a weak collateral position and not possessing real estate, which is the most frequently asked for collateral by funding institutions; and 3) trying to meet the demands of the company on family life.

The problems facing women are historical and societal (Bliss and Garrat, 2001). The research done by O'Neill and Viljoen (2001) states that

reluctance of financial institutions to assist female entrepreneurship is a stumbling block to female entrepreneurship. Particular issues in obtaining finance again relate to

- Lack of collateral
- Lack of credit record
- Discrimination against women
- Most assets registered in husband's name
- Inability to qualify due to stringent criteria applied by banks
- Lack of business and management experience (O'Neill and Viljoen, 2001)

With limited institutional financial availability women entrepreneurs turned to informal finance as provided by family sources, particularly in developing countries. The informal finance relates to the supply of both credit and equity (Estrin and Mickiewicz, 2009). Carter *et al.* cited in Elliot, *et al* (2001) state that previous studies have highlighted four areas women found problematic regarding accessing financial resources. The problems identified were:-

- Access to start-up finance; women-owned businesses started with one-third of the capital used by men. Some studies linked this to subsequent poor business performance.
- Guarantees required to secure finance were said to be beyond the scope of women's assets. The research evidence by the authors did not, however, uphold this.
- Access to growth and recurring finance. The authors state that by building a business track record, women entrepreneurs could improve this and increase their access to external finance for business survival and growth.
- With regard to relationships with lenders, studies attempted to identify whether banks had differential lending policies or unwittingly

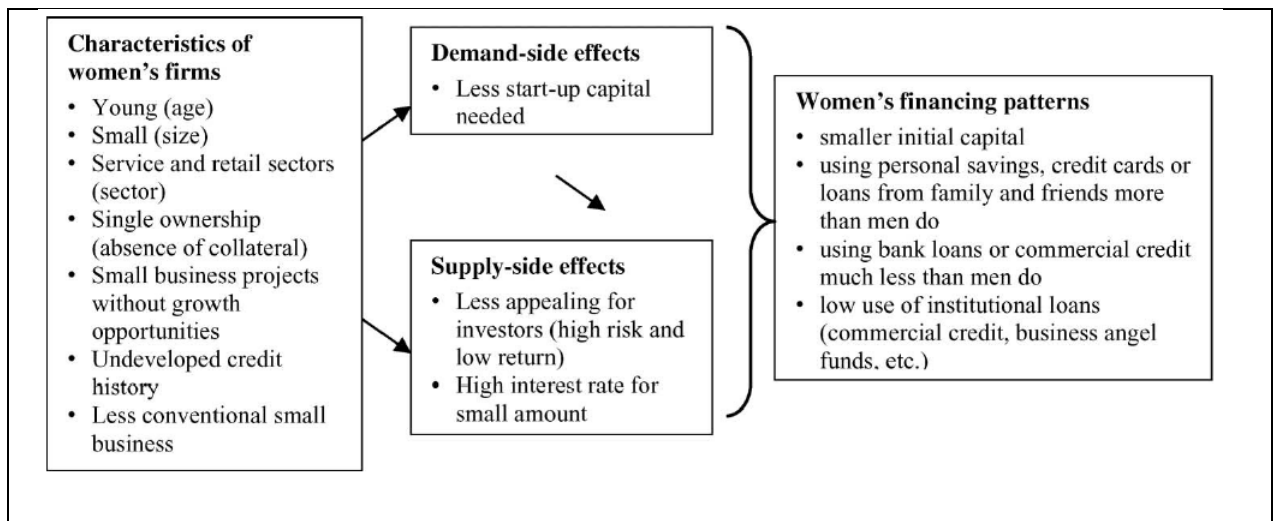
discriminated against women. The authors point to research findings as being inconclusive on this topic.

- Women were found to be less likely to approach a bank as a source of business support than men. On the other hand, men were found to be more likely to use external finance on an on-going basis than women. Women were found to use finance loans supplied by family and friends and colleagues (33% women compared to 14% men) (Elliot *et al.*, 2001).

The gender issue might not be relevant, as the existing differences regarding the financing of men and women-owned businesses might be explained by the characteristics of their firms. The four main characteristics which were identified in the literature are: sector, size and age of the firm and its property structure. These factors affected the supply of finance to these businesses, as shown in Table 4. Women generally start new or micro-businesses in traditional, low-growth industries which are mainly service and retail. These have a low growth profile and higher risk.

Moreover, the fact that women are more often than men sole owners could explain the smaller initial capital invested in start-ups by women entrepreneurs, in comparison with their male counterparts, making these businesses less appealing to potential financiers (Orhan, 2001; Heidrick and Nicol, 2002, cited in Constantinidis *et al.*, 2006). Alluding to a shift in growth industries, UNCTAD, 2005, cited in Kyro (2009) states that the services sector now accounts for over 76% of GDP in developed countries and 49% in developing countries. Constantinidis *et al.* (2006) still argue that the decision to invest or not in a business seems to depend primarily on the overall risk and return associated with the firm, the stage of the venture, the type of financing and the type of industry.

Table 4: Impact of firm’s characteristics and strategic choices on the financing patterns of women-owned firms.



Source: (Constantinidis, Cornet and Asendei, 2006)

2.7.3.3. Individual factors affecting financing for women

Business financing of women is not only affected by the company’s business feature but by the characteristics of the entrepreneurs themselves, their perceptions and preferences. The characteristics that hampered finance provision were found to be that the female entrepreneurs tended to be younger, and therefore had less credit history, lower educational levels, less business experience, and lower financial competence to decipher market offerings and fewer personal funds. Their motivation for starting a business is, however, a pull factor. Other factors are personal preferences of finance, possession of inadequate information, not having enough participation in business networks, being risk averse and family responsibilities. These affect the demand side.

On the supply side is the attitude of the providers of finance, who view the women as less appealing to provide finance to and also have inadequate information on women’s businesses (Constantinidis *et al.*, 2006). Alluding to the pivotal role played by finance institutions in growing entrepreneurship, research conducted by Haynes and Helms, 2000, cited in Greene *et al.*, 2003) found that women-led businesses utilising loans as a primary source

of start-up capital outperformed those that used alternative sources of funding. The importance of having a relationship with a bank in place at the time of the business launch has also been highlighted.

2.8. Conclusion

The literature review has touched on the varied reasons for lack of improved women entrepreneurship. While being female may sometimes lead to business obstacles, this trait may very well lead one to opportunities, as some research has emphasised the growth of the economy through service industries, an area in which female businesses dominate. Businesses need different character traits as they develop, so female-dominant traits can be useful in business. Women entrepreneurs are not a homogeneous group and enter entrepreneurship to satisfy certain personal needs depending on their life stage.

The literature highlighted gaps in knowledge on the strength of informal influences over formal influences. The dti *National directory of small business support programmes* (dti 20010) lists a plethora of segmented institutional support that covers finance, operational and emotional support that woman entrepreneurs may not be taking full advantage of. Does the risk aversion nature of women outweigh the need for financial success? If family issues are the dilemma, how do women solve the challenge of unpaid work over paid work so that they become more entrepreneurial?

Rao and Kelleher (2005) speak of gender equality and change having to occur at both the personal and the social level and within formal and informal relations. Perhaps women need to start reaffirming their worth, take cognisance of their contribution to the social well-being of all and take their place at the helm of the economy. The men will not be waiting to hand over this to them. The individuals need to take charge of their destiny before institutional change can occur.

This research sets out to unravel through mostly quantitative and limited qualitative enquiry of women entrepreneurs and institutions the reasons for the

lagging female participation in the available institutional support to determine their reasons for not utilising the resources.

3. Chapter Three: Research questions

This research study investigated the effectiveness of institutional support by analysing formal and informal factors that affect the level of support uptake by women entrepreneurs. The study investigated businesses operating in the SMME sector by surveying women entrepreneurs who were members of SAWEN. The study examined the business and owner characteristics and determined the knowledge around the SAWEN-associated institutions and the level of usage of these business institutions.

The following research questions were explored in order to understand the effectiveness of the institutional support delivered by the various government and commercial institutions, while deciphering if the choices of businesses women engage in affects the level of institutional support provided by the service providers. This led to investigations into whether informal institutional factors are holding women entrepreneurs back from experiencing high-growth entrepreneurship. The end question looked to women to provide feedback on the issues holding them back as far as institutional support was concerned.

Research questions:

Research question 1: Does gender play a role in encouraging women to invest in certain businesses that cannot scale up and lead to higher entrepreneurship?

Research question 2:

To what extent do women entrepreneurs require operational (technical) business support, and understand the institutional offerings to grow their businesses?

Research question 3:

Do women entrepreneurs effectively use networking support structures that lead to business opportunities?

Research question 4: Are women entrepreneurs willing to take risks by obtaining external funding to expand their businesses and is the funding accessible?

4. Chapter Four: Research methodology

This chapter elaborates on the research design, methodology choice and the rationale for methodology as well as the methods employed to collect the data.

4.1. Research design

The research method used was mainly quantitative via the survey method. This was supported by limited qualitative research open ended questions on the same survey in order to gain a clearer picture of the women entrepreneurs' perception of institutional support effectiveness. The quantitative research questionnaire used consisted of general and specific questions relating to operational emotional and financial support for women entrepreneurs. These were initially administered through email. A hard-copy version was also used as the email responses proved inadequate. These hard copies were completed in the researcher's presence by SAWEN women entrepreneurs at various meetings they attended.

4.2. Methodology rationale

4.2.1. Secondary data analysis

The first step in the exploratory study was to search for secondary literature (Blumberg, Cooper and Schindler, 2008) in relation to women entrepreneurs' experiences with institutional support. The secondary data on women entrepreneurship institutional support was obtained from organisational publications, such as the various dti and SAWEN publications mentioned in the literature review in Chapter 2. Hoepfl, 1997, refers to secondary data as "invaluable to qualitative researchers". In this case it was used to supplement the quantitative procedures.

The rationale for the secondary approach is that more recently there has been a move towards a détente and an increased interest in the combination

of the two approaches: quantitative and qualitative research methods (Bryman, 1988, Hammersley, 1992, cited in Punch, 2005). By combining the two methods, richer data emerged and led to better analysis of the landscape of institutional support for women entrepreneurs.

Hoepfl (1997) states that in reference to new research areas, qualitative methods can be used to gain new perspectives on things about which much is known or to gain more in-depth information that might be difficult to convey quantitatively. By doing secondary research for already available information before conducting the interviews, the researchers, “are likely to gain successful access to situations” (Hoepfl, 2007).

4.2.2. Qualitative research

This second process was focused on an informal interview with an official from SAWEN, Pretoria who is the Programme Co-ordinator for the women entrepreneurs at his offices that lasted about an hour and half in the month of August, 2011, The researcher also sat in two Shanduka blackumberella’s entrepreneurship meetings in Pretoria and Gauteng as they presented their bouquet of services to SAWEN members and listened in to the women entrepreneurs’ concerns.. These formed the... “elite or expert interviewing” (Blumberg *et al.*, 2008). The purpose of the interview was to determine the expert point of view regarding the lack of advancement of women entrepreneurs and the interviewee’s recommendations on improving women entrepreneurship.

4.2.3. Quantitative research

The underlying nature of quantitative research design is its deductive mode and a standardised measurement characterises its data analysis. Quantitative methods include survey, experiment and other methods and collect data on predetermined instruments that yield statistical data (Ramli, Sulaiman and Mitchell, 2009). A limitation of the quantitative approach is that

“statistical data provides a succinct parsimonious summary of major patterns” (Patton 2002, cited in Ramli *et al.*, 2009), which is why open ended questions were included in the survey questionnaire to obtain more information than the numbers

The quantitative research questionnaire in this research was in the form of a survey that was designed along general questions to determine general knowledge about the women entrepreneur, nature of business engaged in, and background for being in the business. These were important to classify the entrepreneurship activity as resulting from push factors or survivalist or potential high-growth individuals. Specific questions based on operational, emotional and financial support then followed. The disadvantages of the survey method, according to Denscombe (1998), cited in Ramli *et al.* (2009), are that “quantitative methods tend to focus on data rather than theory since the survey search is purposeful and structured”. The usage of this method could limit the degree of checking on respondent response, especially when there is breadth and inclusive coverage.

4.2.4. Population of relevance and unit of analysis

The population was initially limited to active paid-up SAWEN members in Gauteng. These totalled 340 according to the SAWEN Programme Co-ordinator, Mr Thabo Nkiwane.

The initial unit of analysis was focused women entrepreneurs who had an email address. These totalled about 70. As the initial responses were disappointing, the unit of analysis was extended to SAWEN women members who attended Shanduka blackumbrellas incubation meetings in Pretoria and Johannesburg. These were women entrepreneurs who could be contacted by SMS by SAWEN to attend such meetings.

These women had to complete hard copies of the survey, as the researcher had physical access to them.

4.2.5. Size and nature of the sample

Research Design	Objective	Data Collection Method	Sampling Technique	Sample Size
Qualitative	Expert interview to decipher the women entrepreneurship	Informal interview	Purposive	1
Quantitative	Survey to determine effectiveness from women's view	Email survey	Non probability	Women with email addresses as emailed by SAWEN-initially 70 Women with SMS contact about 340

4.3. Data collection approach

Ethical clearance was initially sought and procured to use the SAWEN database. This was obtained from the SAWEN Programme Co-ordinator, Mr Thabo Nkiwane. An initial survey questionnaire had to be sent to him prior emailing to the respondents. Once the ethical clearance was obtained, the researcher went to meet Mr Nkiwane to discuss the research questionnaire in person. Mr Nkiwane suggested changes to the questionnaire, such as the type of business groupings and segments. The changes did not in any way compromise the direction of the research but were changes to facilitate better understanding by the respondents. When these changes had been effected by the researcher, the questionnaire was sent to Mr Nkiwane for direct distribution to the SAWEN members in Gauteng who were paid-up members and had email addresses. Mr Nkiwane explained that SAWEN started enforcing the rule that members pay their reasonable annual fee of R300 recently (about two months ago) prior to them receiving any service. As such the questionnaires could only be sent to the paid-up members. Due to the need to protect their database and the agreement with the entrepreneurs, SAWEN had to send the surveys directly, although the responses were sent directly to the researcher by the respondents.

Once the researcher realised the low response rate to the email surveys, hard copies of the questionnaire were printed and presented at SAWEN/Shanduka blackumbrella incubation meetings in Pretoria and Johannesburg. The advantage of this approach was that the researcher could check the completed questionnaires immediately for response errors and was on hand to answer questions when the respondents needed more clarification.

Qualitative

As already noted, one interview was held with the SAWEN programme manager to obtain an expert view of the support offered to women entrepreneurs. The researcher also attended two Shanduka blackumbrella meetings in Pretoria and Johannesburg.

Quantitative

The survey methodology of collecting data is often used when a researcher is seeking descriptive or enumerative data on a phenomenon in its natural setting (Brownell, 1995, cited in Ramli *et al.*, 2009). This method of collecting data is viewed as the most common research tool used in the social sciences discipline (Fife-Schaw, 1995, cited in Ramli *et al.*, 2009). However, there are advantages and disadvantages to collecting data via email questionnaires. Some of the advantages are:

- Access granted with otherwise inaccessible respondents
- Often lowest-cost option
- Fast access to computer-literate respondents
- Rapid data collection

Some of the disadvantages of email surveys are:

- Low response rate in some modes
- No interview intervention available for probing or explanation
- Cannot be long or complex
- Accurate mailing lists needed
- Often respondents returning survey represent extremes of the population, resulting in skewed responses (Blumberg *et al.*, 2008).

The method of data collection was an email survey sent to SAWEN members directly by SAWEN. The survey questionnaire consisted of 11 general questions to gauge the entrepreneurial type of the respondent. The next section consisted of 16 questions regarding the respondent's choice of business. These were based on a five-point Likert scale that measured strongly agree, agree, not sure, disagree and strongly agree. The next section had 32 questions that directly addressed operational support (termed operational and business support) on the questionnaire for clarity, emotional support (termed business networking and family support) and financial support. Some of the questions were based on the Likert scale with the legend: very effective, good, don't know, poor, very ineffective. Some answers were a yes or no alternative. Effort was taken to ensure the scales progressed from very positive to poor whether "strongly agree" or "very effective" was used.

The questionnaire was designed to be simple and concise and to be completed within 15 minutes. However, the researcher was able to realise at first hand in the Shanduka blackumbrella sessions that some respondents needed assistance in answering the questions, which would not have been possible had the researcher not been on hand to clarify uncertainties. The attendees completing the surveys ranged from matriculants to masters students, chartered accountants or medical doctors.

4.4. Recording of data

Qualitative data from the interview was recorded as notes. So were the notes from the Shanduka blackumbrella meetings. A simplified open ended section comprising five questions that the respondents needed to answer in their own words was included below the quantitative survey. This was transcribed to group similar themes by sifting through the main issues women felt compelled to note or felt had been omitted in the quantitative survey section. The idea was not to recreate a quantitative analysis. The main comments are included in the results section.

Quantitative The data for the quantitative research was collected via email responses from SAWEN active members. These questionnaires were printed, sequentially numbered and recorded in an Excel table compatible with SPSS to facilitate SPSS statistical analysis and capturing. The sequential numbering was to facilitate test checks back to the original data as necessary.

4.5. Analysis of data

Qualitative

Data analysis involved searching for patterns in the qualitative write-up section of the email survey, discovering what was important and what was to be learned, and deciding what to tell others (Hoepfl, 1997). By using inductive analysis of data, the critical themes that emerged out of the data were highlighted (Hoepfl, 1997). The data analysis followed some of the recommended steps, as illustrated in (Hoepfl, 1997):

- Themes emerging from the raw data (open coding) were identified.
- Words, phrases or events that appeared to be similar were grouped in the same category.
- Use of 'voice' in the text was used to illustrate the themes being described.
- The discrete categories identified in open coding were compared to assemble the big picture. The purpose of coding was not to describe, but more importantly to acquire new understanding of the phenomena of interest.

Quantitative

- Data analysis involved reducing accumulated data to a manageable amount, developing summaries, looking for patterns and applying statistical techniques (Blumberg *et al.*, 2008)
- The data as presented in the email responses was captured in a statistical format to obtain a view of women entrepreneurs. For consistency, “very effective or strongly agree” responses were coded as a 5 rating, with the next category, “agree or good”, being a 4 and “don’t know” was coded 3, and so forth. The “no” answers were coded as 1 and the “yes” answers were coded 2. For easier transcription the general ordinal and categorical questions were numbered from one up from the least value.

4.5. Research limitations

The database and email questionnaire administration was under the control of SAWEN.

The research initially surveyed women who had email addresses and were paid-up members of SAWEN. As 50% of members had not paid their subscription fees, these were excluded from the survey.

Subsequent to extremely poor email responses, the survey was physically presented to SAWEN members who attended Shanduka blackumbrella incubation meetings in Pretoria and Johannesburg.

The survey was limited to Gauteng province SAWEN members.

This research did not address profitability of the businesses of the women surveyed.

5. Chapter Five: Research results

5.1. Introduction

In this chapter the results of the quantitative survey results are presented, as well as the results of open-ended questions presented in the questionnaire. Of the 70 emailed questionnaires only 4 responses were received, and the rest of the questionnaires were answered at SAWEN functions.

5.2. Summary of sample attributes

The total sample was made up of 31 women entrepreneurs. Of the 31 entrepreneurs, 32% did not have any employees, 55% employed fewer than 5 employees, 10% employed between 6 and 20 employees and the remaining 3% had between 101 and 200 employees. Most of the interviewed entrepreneurs were sole proprietors (68%) and 26% had business partners. With regard to education, 65% of the respondents had a diploma or above and only 13% had less than a matric qualification. More than one-third of the respondents (35%) felt that the empowerment for women should come from the government; 39% felt that it was their responsibility, 10% felt that it was their own responsibility, another 10% felt that it was a be shared responsibility between government and themselves and the remaining 6% felt that it was themselves, their family and the government that could empower them.

Table 5: Entrepreneurs' profile

Variable	Statistic	Variable	Statistic
Number of Paid Employee		Business Partners	
Only myself	32%	No, sole proprietor	68%
Less than 5	55%	Yes, in business with family	3%
Between 6 and 20	10%	Yes, I have a business partner/s	26%
Between 101 and 200	3%	Yes, family and other partners	3%

Racial Classification			Tried other Businesses Before	
African	97%		Yes	71%
Coloured	3%		No	29%
For women entrepreneurs to be successful the most empowerment will come from			Educational Level	
Their family	10%		Less than Matric	13%
Themselves	39%		Matric	23%
The government	35%		Diploma	39%
Themselves and the government	10%		Degree	3%
Family, themselves and the government	6%		Degree plus	23%

Variable	Statistic		Variable	Statistic
Marital Status			Children	
Never married	32%		I have no children	13%
Live with a partner	6%		I have 1 child	26%
Divorced	19%		I have 2 children	45%
Married	42%		I have more than 3 children	16%
Business Owner's Age in 2011			Years of Business Operation	
Less than 30	13%		Less than 3.5 years	71%
31-35	10%		3.5 to 4 years	19%
36-40	19%		5 years to 9 years	6%
41-45	19%		10 years to 14 years	3%
46-50	6%			
51-55	23%			
56 and older	10%			

5.3. Research questions

Research question 1: Does gender play a role in encouraging women to invest in certain businesses that cannot scale up and lead to higher entrepreneurship?

A coding of scalable and unscalable was used to classify the business sectors used in the survey. Although the sample had 31 entrepreneurs, there were some individuals with more than one business, and thus the number of all the businesses was 54. The results were that 50% of the 54 businesses that women were involved in were traditional women businesses with low growth potential, and the other 50% were scalable businesses. The results are presented in the table below.

Table 6: Business sector of women surveyed

	Sector	Frequency	Percent	
Scalable	Finance, real estate and business services including consulting	8	15%	50%
	Construction	6	11%	
	Transport and communication	3	6%	
	Wholesale & retail trade	2	4%	
	Hotels and restaurants	1	2%	
	Electricity gas and water	1	2%	
	Manufacturing	1	2%	
	Agriculture, forestry and fishing	1	2%	
	Other sector	4	7%	
Non-Scalable	Catering	8	15%	50%
	Decorating services	5	9%	
	Arts and crafts	4	7%	
	Cleaning	4	7%	
	Events management, marketing and public relations	3	6%	
	Bed and breakfast	2	4%	
	Hairdressing	1	2%	
Total		54	100%	100%

Using a five-point Likert scale, with five (5) as strongly agree, one (1) as strongly disagree and 3 not sure, the respondents rated three statements on gender reasons for starting a business. One sample t-test was conducted to test whether the respondents were agreeing with the statements as the reasons for women to start businesses. The null hypothesis was that mean ratings are **lower** than or **equal** to the midpoint of the scale (which is 3) against the alternative hypothesis that the mean ratings are **higher** than the midpoint of the scale. This is a one tailed t-test and the tests were carried out at 5% significance level.

Ho: The mean ratings are ≤ 3

Ha: The mean ratings are > 3

The tests were carried out at 5% significance level.

Table 7: Gender reasons for starting a business

One-Sample Statistics				Test Value is the midpoint of the Scale = 3		
	N	Mean	Std. Deviation	t	df	P-Value
I wanted to contribute to a social cause	31	4.226	1.087	6.281	30	0.000
I wanted to balance work and family commitments	31	3.806	1.327	3.383	30	0.002
I felt undervalued and undermined as a woman employee in my last job	31	3.742	1.390	2.973	30	0.006

The reason that was rated highest was “I wanted to contribute to a social cause” (4.226), followed by “I wanted to balance work and family commitments” (3.806), and the lowest rated was “I felt undervalued and undermined as a woman employee in my last job” (3.742). All the three gender reasons were rated significantly higher than the midpoint of the scale, since the means are higher than 3 and the p-values are less than 0.05. This means that the entrepreneurs agreed with the gender reasons for starting a business.

Research question 2: To what extent do women entrepreneurs require operational (technical) business support, and understand the institutional offerings to grow their businesses?

The ratings and t-test against the midpoint of the scale on business expansion are shown in **Table 8** below

Table 8: Business expansion

One-Sample Statistics				Test Value is the midpoint of the Scale = 3		
	N	Mean	Std. Deviation	T	df	P-Value
Given the chance I would employ more people	31	4.710	0.783	12.159	30	0.000
I would merge with another company to grow the business	31	3.839	0.969	4.817	30	0.000
I am willing to use borrowed finance to expand my business	31	3.774	1.117	3.860	30	0.001
I want to keep my business small and manageable to accommodate my family responsibilities	31	2.065	1.031	-5.053	30	0.000

The respondents agreed with three statements: “Given the chance I would employ more people”; “I would merge with another company to grow the business”; and “I am willing to use borrowed finance to expand my business”. The statements had mean ratings greater than 3 and the p-value is less than 0.05. Thus the entrepreneurs agreed with the reasons. On the other hand, entrepreneurs disagreed with the statement, “I want to keep my business small and manageable to accommodate my family responsibilities”, since the p-value for the t-test was less than 0.05 but the mean rating less than 3.

The Cronbach's alpha for the nine operational and business support variables was 0.528, which shows an acceptable level of internal consistency in the variables.

Reliability statistics

Cronbach's Alpha	N of Items
.528	9

Cronbach's alpha reliability coefficient normally ranges between 0 and 1 and is a test reliability technique that requires only a single test administration to provide a unique estimate of the reliability of a given test. The closer Cronbach's alpha coefficient is to 1 the greater the internal consistency of the items in the scale (Gliem and Gliem, 2008)

The ratings and t-test against the midpoint of the scale on operational business support are shown in Table 9 below

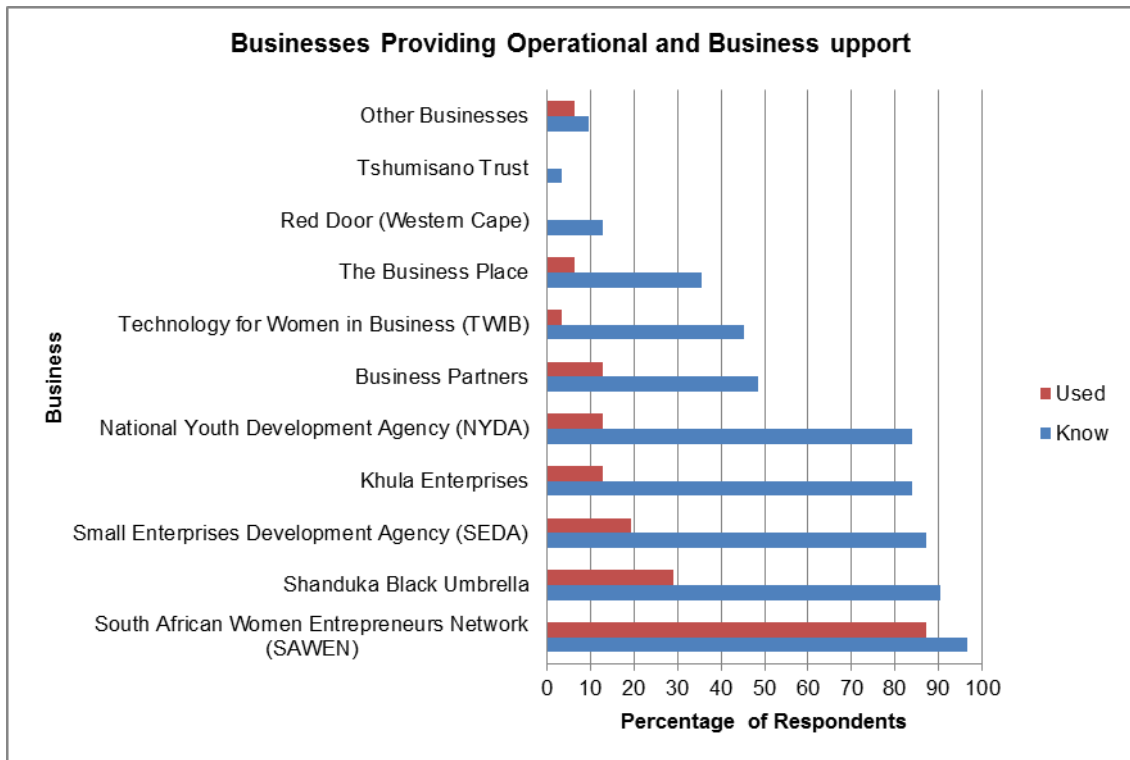
Table 9: Operational and business support

One-Sample Statistics				Test Value is the midpoint of the Scale = 3		
	N	Mean	Std. Deviation	T	df	P-Value
I do not mind getting business support advice from a male	31	4.194	0.749	8.870	30	0.000
I am clear about what makes my business the best business in the market (my value proposition)	31	3.935	0.964	5.404	30	0.000
I believe that government programmes are adequately supporting women entrepreneurship	31	3.871	1.176	4.124	30	0.000
The support offerings for business support are easy to understand	31	3.710	1.039	3.803	30	0.001
My biggest concern is that I lack knowledge in marketing my products	31	3.548	1.362	2.241	30	0.033
My biggest concern is that I lack knowledge in technology	31	3.484	1.338	2.013	30	0.053

My biggest concern is that I lack knowledge in finance	31	3.387	1.407	1.532	30	0.136
I know where to go for support for most business problems	31	3.323	1.301	1.381	30	0.178
I have received government business through business support initiatives and networks	31	2.613	1.358	-1.587	30	0.123

The results revealed that the respondents mostly agreed with the statements: “I do not mind getting business support advice from a male”; “I am clear about what makes my business the best business in the market (my value proposition)”; “I believe that government programmes are adequately supporting women entrepreneurship”. “The support offerings for business support are easy to understand”; “My biggest concern is that I lack knowledge in marketing my products” are statistically significantly higher than the midpoint of the scale. The statements had mean ratings greater than 3 and p-values which are less than 0.05. Thus the entrepreneurs agreed with these operational and business support statements. On the other hand, they did not agree with the other four statements on operational and business support.

Figure 8: Companies providing operational and business support



After listing the companies that they knew to provide operational and business support and the ones that they used, the respondents rated these companies on a scale of 1 to 5 where five (5) is Very effective, one (1) Very ineffective and 3 don't know, on the effectiveness of operational and business support. The mean and t-test values against the midpoint of the scale are presented in the table below.

Table 10: The effectiveness of operational and business support agencies

One-Sample Statistics				Test Value is the midpoint of the Scale = 3		
	N	Mean	Std. Deviation	t	df	P-Value
Shanduka Black Umbrella	31	3.452	0.810	3.105	30	0.004
Small Enterprises Development Agency (SEDA)	31	3.226	0.617	2.038	30	0.050
National Youth Development Agency (NYDA)	30	3.167	0.531	1.720	29	0.096

Business Partners	31	3.097	0.651	0.828	30	0.414
Technology for Women in Business (TWIB)	31	3.097	0.473	1.139	30	0.264
Khula Enterprises	31	3.065	0.359	1.000	30	0.325
The Business Place	31	3.032	0.407	0.441	30	0.662
Red Door (Western Cape)	31	2.968	0.180	-1.000	30	0.325
Tshumisano Trust	31	2.968	0.180	-1.000	30	0.325
Other Businesses	10	3.100	0.316	1.000	9	0.343

The respondents felt that only “Shanduka Black Umbrella” was effective, since its mean rating was higher than 3 and the p-value which was less than 0.05. The mean ratings (p-value) of the other companies were not significantly different from the midpoint of the scale and thus the respondents did not agree with the agencies’ being effective. SAWEN was not included here as it offers networking support and not business support.

Extracts from open-ended questions

The following comments were noted on the open-ended questions by the women regarding operational business support.

- Up skill yourself by paying for training and seek information as it will not come to you.
- Strong support now from SAWEN and Shanduka. Procedures are now more clear and understandable.
- Business support was non-existent until exposure to SAWEN and Shanduka Black Umbrellas.
- Although institutions are available they do not advertise at the grassroots level.
- Demand for services is high but not reaching ordinary women.

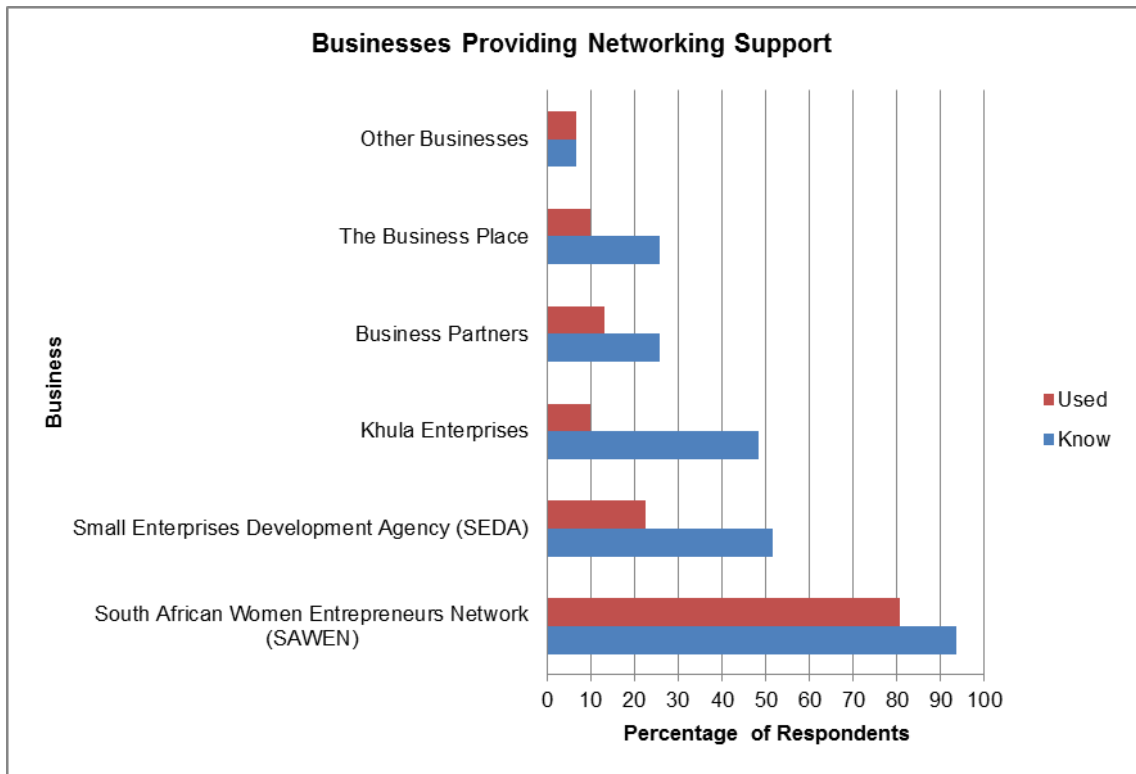
Research question 3: Do women entrepreneurs effectively use networking support structures that lead to business opportunities?

Table 11: Emotional support (business networking and family support)

One-Sample Statistics				Test Value is the midpoint of the Scale = 3		
	N	Mean	Std. Deviation	t	df	P-Value
My family are my support system in the business	30	4.267	1.015	6.836	29	0.000
I do not mind networking with men	31	4.258	0.773	9.059	30	0.000
I network with people outside my cultural group	31	4.032	0.948	6.062	30	0.000
I get good business leads from my network contacts	31	3.677	1.222	3.087	30	0.004
Balancing the business requirements and family responsibilities is a difficult aspect of my life	31	3.323	1.222	1.470	30	0.152
I prefer to network with people I have deep relationships with	31	3.194	1.138	0.947	30	0.351

The results revealed that all but two statements had means that were statistically significantly higher than the midpoint of the scale. The statements had mean ratings greater than 3 and the p-values were less than 0.05. Thus the entrepreneurs disagree with the statement on balancing the business and family responsibilities as a “difficult aspect of my life” and prefer “I prefer to network with people I have deep relationships with”.

Figure 9: Known and used business network structures



On the networking side, SAWEN was well known, although not by 100% of its members. Usage of SAWEN was reasonably high, at 87%. The next known and used institution was SEDA, with 23% usage by the respondents.

Table 12: The effectiveness of networking support agencies

One-Sample Statistics				Test Value is the midpoint of the Scale = 3		
	N	Mean	Std. Deviation	t	df	P-Value
South African Women Entrepreneurs Network (SAWEN)	31	4.194	0.946	7.026	30	0.000
Small Enterprises Development Agency (SEDA)	31	3.129	0.562	1.278	30	0.211
Business Partners	31	3.000	0.365	0.000	30	1.000
Khula Enterprises	31	3.000	0.365	0.000	30	1.000
The Business Place	31	3.000	0.516	0.000	30	1.000
Other- Please specify here	7	3.143	0.378	1.000	6	0.356

Most respondents agreed that SAWEN was the most effective networking institution with a mean value greater than 3 and a p-value less than 0.05.

Comments from open-ended questions

The following comments were included by the women entrepreneurs on the survey regarding emotional support

- Sure there's a lot of networking happening. Still a secret. Exposed to many opportunities since joining SAWEN.
- Better since joining SAWEN - I feel more confident and have become better at networking.
- Networking support available but not deep enough for an entrepreneur starting out as support people are too busy.
- Not enough networking opportunities for women. Find more men at networking sessions who view you as "a catch".
- Can be increased through increased involvement of the academic, business and political involvement via platforms such as forums, workshops, conferences and virtual applications.

Research question 4: Are women entrepreneurs willing to take risks by obtaining external funding to expand their businesses and is the funding accessible?

The Cronbach's alpha for financial support–start-up costs was 0.581, which shows a high level of internal consistency.

Reliability Statistics

Cronbach's Alpha	N of Items
.581	8

Table 13: Financial support start-up costs

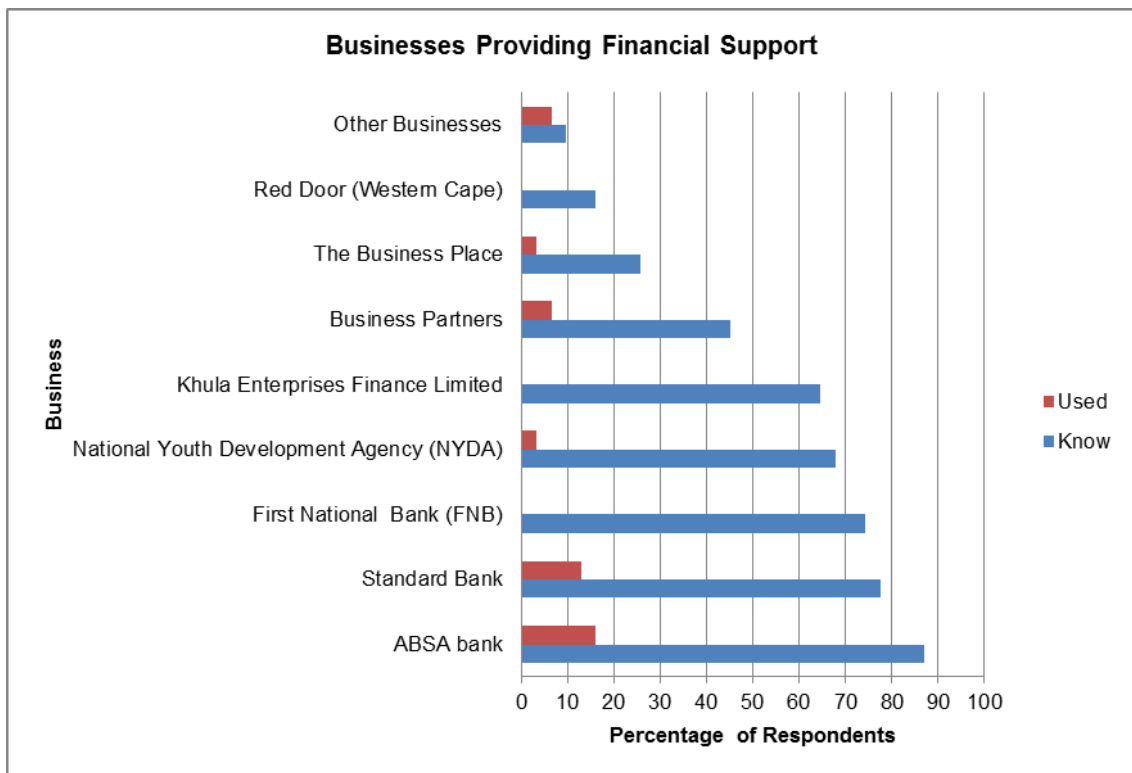
One-Sample Statistics				Test Value is the midpoint of the Scale = 3		
	N	Mean	Std. Deviation	t	df	P-Value
I preferred to keep my risk low and used my own funding	31	3.710	1.321	2.990	30	0.006
I feel that financial institutions are unwilling to lend to women	31	3.258	1.365	1.052	30	0.301

I did not have the expertise to provide an adequate business plan	31	2.903	1.535	-0.351	30	0.728
I obtained funding from friends and family	31	2.710	1.346	-1.201	30	0.239
I felt confident enough to approach the bank for a start-up loan	31	2.677	1.376	-1.306	30	0.202
I mind being served by a man when applying for a loan	31	2.290	1.160	-3.406	30	0.002
I was able to access loans to start up my business easily	31	2.000	1.211	-4.597	30	0.000
I received a loan that was not adequate for my business needs	31	1.839	0.934	-6.920	30	0.000

The women showed a low level of risk tolerance with regard to loan funding and they preferred to use their own funds as capital, as indicated by the first score showing a mean of 3.7 and a p value less than 0.05.

With the p- value being less than 0.05 and the mean value less than 3 for the last three variables: “I mind being served by a man when applying for a loan” means that this statement is false. “I was able to access loans to start up my business” as untrue, while “I received a loan that was not adequate for my business needs” is true for these women.

Figure 10: Businesses providing financial support



Although the financial institutions are known to them, this has not translated to usage by the women surveyed.

Table 14: The effectiveness of financial support providers

One-Sample Statistics				Test Value is the midpoint of the Scale = 3		
	N	Mean	Std. Deviation	t	df	P-Value
ABSA bank	31	3.032	0.948	0.189	30	0.851
Business Partners	31	2.968	0.482	-0.373	30	0.712
Standard Bank	31	2.968	0.657	-0.273	30	0.787
Khula Enterprises Finance Limited	31	2.935	0.629	-0.571	30	0.572
Red Door (Western Cape)	31	2.935	0.574	-0.626	30	0.536
National Youth Development Agency (NYDA)	31	2.903	0.597	-0.902	30	0.374
The Business Place	31	2.903	0.597	-0.902	30	0.374
First National Bank (FNB)	31	2.871	0.718	-1.000	30	0.325
Other Businesses	13	3.154	0.376	1.477	12	0.165

These institutions are similarly rated in terms of low effectiveness. They are rated close to the midpoint rating of 3 or lower

Table 15: Working capital assessment

One-Sample Statistics				Test Value is the midpoint of the Scale = 3		
	N	Mean	Std. Deviation	t	df	P-Value
My working capital is financed by my family and own savings	31	3.903	1.221	4.119	30	0.000
Cultural bias still plays a great part in business decisions against women when accessing loans	31	3.839	1.157	4.034	30	0.000
I feel empowered to seek a loan on my own	31	3.742	0.965	4.281	30	0.000
As a woman I feel that I get the same treatment as a male when I apply for a loan	31	3.258	1.125	1.278	30	0.211
I need a male to co-sign my application for institutional loans	31	2.065	0.929	-5.609	30	0.000

The respondents scored statistically higher than the null hypothesis on “My working capital is financed by my family and own savings”; “Cultural bias still plays a great part in business decisions against women when accessing loans”; and “I feel empowered to seek a loan on my own”. They were more neutral towards the statement that “As a woman I feel that I get the same treatment as a male when I apply for a loan”, and they did not agree with the statement that they “needed a male to co-sign their applications for institutional loans”.

Comments from open-ended questions

The following comments were noted by the women entrepreneurs regarding financial support:

- Very difficult for women entrepreneurs. Very few succeed.
- No financial support for new business. Too much red tape with banks. Places like Business Partners charge too much interest.

- Non existent.
- Not accessible for women.
- Not easy to access financial support. Promises are changed when you go to them.
- Not easily accessible due to too many requirements.
- Don't think that women get enough finance support.
- Business start-up costs are high and women end up using men for back-up support and survival.
- New business owners struggle to get to the top financially.
- Too much red tape. Not readily available.

General comments

The responses to the comment “I would like the following from institutions” were

- Delivery, gender mainstreaming and equality, financial support, coaching and mentorship
- Women should get fair treatment. Women are competent and better when it comes to being committed to doing things, unlike males,
- Government to put more financial support on financing women and creating more opportunities for them to leave employment,
- Institutions should accord women fair treatment,
- Monitoring and mentorship by the institutions to bridge the gap,
- Understand women entrepreneurs and take women entrepreneurs seriously,

The responses to the comment “Women need to do the following to empower themselves” were

- Stand to seek support, network with others, find the most clear institution and stick to them for life,
- Share, work together, empower one another and get trained in technology,

6. Chapter Six – Discussion of results

6.1. Introduction

This chapter will discuss the results of the survey data as presented against the research questions and literature review. The aim is to discuss the effectiveness of the institutional support in the areas covering operational or business support and emotional support, which addresses networking and financial support from a woman's perspective. The research questions will be discussed individually.

6.2. Research question 1:

Does gender play a role in encouraging women to invest in certain businesses that cannot scale up and lead to higher entrepreneurship?

6.2.1. Research findings

Women do not always engage in traditional women businesses that are not scalable or are unattractive to other investors. Half of the women surveyed were engaged in non-traditional businesses that are not gender specific such as finance, real estate, business services and consulting, construction, manufacturing and the like. The other half of the women were engaged in traditional businesses such as hairdressing, catering, decorating services, arts and crafts and cleaning, and events management.

Although 31 women were surveyed, they had a total of 54 businesses, showing that many women entrepreneurs are engaged in more than one business venture. Almost half of the women (14 out of the 31) had more than one business. This is an anomaly, seeing that 71% of the businesses were 3.5 years and younger, therefore still at the nascent stage and requiring undivided attention from the owner to succeed.

6.2.2.2. Gender influence on entrepreneurship

The women rated highly the fact that they started a business for a social cause. This result could be because women entrepreneurs are investing in businesses that address needs within their communities and still generate income, as well as making the women feel fulfilled. A high number of the entrepreneurs (68%) were sole proprietors, which could be the reason women businesses do not scale up, due to lack of shared and diverse ideation and skills.

6.2.2.3. Balancing work and family

Women entrepreneurs valued balancing their work and family life, as this hypothesis was found to be statistically higher than the null hypothesis; 87% of the women surveyed had children, so balancing “paid and unpaid” work would be a factor. Interestingly, women without children also valued balancing work and family, indicating that balancing work and family should not relate to people with children only.

Women who were married or lived with a partner made up 48% of the surveyed women, hence income-generating activities might need to be balanced with running the home.

6.2.2.4. I felt undervalued and undermined as a woman employee in my last job

Women expressed dissatisfaction with how their contributions were regarded in their last jobs, which could have driven them into entrepreneurship. The surveyed women had high education levels, as 65% of them had a diploma or higher educational qualification. Also, 58% of the women were 41 years and older and could be requiring life changes by embarking on entrepreneurship.

6.2.2.5. General reasons for starting a business

Women scored highly the fact that they started their businesses in order to make more money and because of lack of prospects in their jobs. The literature has mainly focused on the fact that women are most probably inclined to start a business for a social cause and, like their men counterparts, want to make money. Proving that these women were not pushed into entrepreneurship is their low scoring for being retrenched in their last jobs. People who are retrenched are most likely to be pushed into entrepreneurship due to lack of other prospects and their businesses are unlikely to scale up; this is not the case for these women entrepreneurs.

6.2.2.6. Literature

Mirchandani (1999) states “it would be useful to understand entrepreneurship as itself a gendered activity”, and points out that women business owners continue to predominate in the poorly paid service and retail sectors. He refers to the ‘optimistic view’ by other authors which attributes women’s motivations to become entrepreneurs to their desire to balance work and family responsibilities, and their blocked mobility within corporate structures.

Women seem to identify success differently by *their* criteria. The criteria women base their own success on are personal and professional growth, being able to strike a balance between work and home life, the desire to pursue certain beliefs and values, and a commitment to “give something back to the community” (Green and Cohen, 1995).

Greene *et al.* (2003) point to the fact that although there may be personal demographical similarities between male and female led businesses, there are differences in business and industry choices, financing strategies, growth patterns, and governance structures of female-led ventures.

The participation of women in the service sector is said to positively influence entrepreneurship, owing to its low initial capital requirements, which lead to low barriers to entry and facilitate start-ups (EIM/ENSR, 1997, cited in Verhuel *et al.*, 2006).

Research in the UK found that women sole traders were likely to go into traditional female businesses such as health, beauty, hotel and catering sectors, but women operating in partnerships or limited companies were increasingly shunning traditional sectors and were as likely as men to be in professional consultancies such as IT (Lloyds Bank, 2000, cited in Elliot *et al.*, 2001).

Female entrepreneurs are a homogeneous group, and Hughes (2006) mentions three types of entrepreneurs:

- Classic, who, like men, are motivated by challenge and financial independence,
- forced entrepreneurs, who are motivated by lack of employment
- work-family entrepreneurs, who are motivated by work-family balance and lack of opportunities.

Referring to the glass ceiling effect in the workplace which might lead to a pull into entrepreneurship, Mirchandani (1999) states that by venturing into entrepreneurship, women and other disadvantaged groups can achieve material and personal success, independence and control over the products of their labour and avoid many of the barriers they would face in large organisations.

6.2.2.7.. Conclusion on findings

Women in this study were inclined to be involved both in traditional women businesses that were not that scalable and in businesses that had growth potential. Contrary to popular assumptions, the women surveyed had high educational qualifications and would not be limited by a lack of intellectual skills. Women do not confine themselves to one business, as 45 % of the women had more than one business. This must be evaluated against the fact that 71% of

businesses were at the nascent stage. This could result in split focus and inability to grow one business to its full potential and therefore failure. The women in this study rated highly starting a business for a social cause. This is countered by the fact that they also rated highly starting a business in order to make more money. These women have started businesses that appealed to their creative side rather than a business that was an extension of their old employment.

Women are not a homogeneous group, and cognisance should be taken of their entrepreneurial types, and institutional support offerings tailored accordingly to suit individual requirements and attributes.

6.3. Research question 2:

To what extent do women entrepreneurs require operational (technical) business support, and understand the institutional offerings to grow their businesses?

6.3.1. Research findings

To operate a business at its full potential, entrepreneurs need to be aware of their own limitations and know where to seek operational support and advice that addresses technical know-how regarding growing the business.

6.3.2. Business expansion

The respondents all agreed with the statements below, which indicate that women are interested in expanding their businesses and not keeping them small to accommodate their dual roles in society.

“Given the chance I would employ more people.”

“I would merge with another company to grow the business.”

“I am willing to use borrowed finance to expand my business.”

The survey results disagreed with the statement, “I want to keep my business small and manageable to accommodate my family responsibilities.”

The above indicate that the surveyed women are not deliberately keeping their businesses small.

6.3.3. Operational support needs and effectiveness

The survey results show that women respondents did not mind getting business support advice from a male. Regarding their businesses, they were clear about their business’s value proposition. They regarded the government programmes as adequately supporting women entrepreneurship and they had understanding of the support offerings from the institutions. A gap identified was that technical support in marketing their products was needed. They did not agree that they needed support in technological matters and finance and they stated that they knew where to go for support for business problems. However, they did not agree that they had received government businesses through the various networks available to them.

There is a wide gap between operational support institutions being known in the market and being used and found effective. The best known and used institution was SAWEN, which was used by 87% of the respondents. The next used institution was Shanduka blackumbrella incubators. A point of concern is that 71% of the women entrepreneurs had tried other businesses before but the usage of the institutions offering support was still considerably low.

Table 16: Knowledge and usage of operational support institutions

Business Providing Business and Technical Support	% of Respondents who Know the Business	% of Respondents who have used the Business
South African Women Entrepreneurs Network (SAWEN)	97%	87%
Shanduka Black Umbrella	90%	29%
Small Enterprises Development Agency (SEDA)	87%	19%
Khula Enterprises	84%	13%
National Youth Development Agency (NYDA)	84%	13%
Business Partners	48%	13%
Technology for Women in Business (TWIB)	45%	3%
The Business Place	35%	6%
Red Door (Western Cape)	13%	0%
Tshumisano Trust	3%	0%
Other Businesses	10%	6%

6.3.4. Literature

Morris *et al.* (2006) refer to the perception that women face unique challenges in selling. As a result, the need for women to develop stronger engineering and science skills may be misplaced. This inability to sell may be as a result of women's lack of access to networks and connections.

Hughes, 2005, cited in Hughes (2006), recognises that women entrepreneurs of all kinds have high levels of interest in training and education and enjoy higher economic returns as a result of engaging in them. The author advocates that skills development and training have a critical role to play to improve the economic performance of women entrepreneurs. Referring to institutions, the author stresses that public policy should therefore address these common interests as well as the **diversity** of the women entrepreneurs to greatly facilitate women's success in entrepreneurship.

6.3.5. Conclusion on findings

The fact that women-owned businesses tend to be small is a result of the structure of the business and not the deliberate intention of the women, as they are open to having business partners and borrowing loans to finance the business. The survey respondents need more assistance with building markets for their products or services. The women are aware of their business value propositions and differentiators, so markets can be developed. The women were satisfied with their technological and financial knowledge, which could be the result of the high educational levels of the respondents. Although operational institutions are known by the women, these are mostly not used, which means that they may not be effective. Communication through the various media should address this issue.

6.4. Research question 3:

Do women entrepreneurs effectively use networking support structures that lead to business opportunities?

6.4.1. Research findings

Emotional support refers to the encouragement provided to the participant by others and includes support of the family, motivation, acceptance in business circles, networking and acknowledgement of work. (Anna et al., 1999, cited in dti, SAWEN, 2005 (Survey of South African Women Entrepreneurs)).

The survey revealed family as a high source of support in the entrepreneurs' businesses. Networking was acceptable across the gender divide and with other cultural groups. Deep networking relationships were not found to be preferable. Business leads were said to be accessed from the networks the

women engaged in. Women did not, surprisingly, find it difficult to balance business requirements and family responsibilities.

SAWEN was rated high on being known and used for networking support. The other known institution was SEDA, which was 53% known and 23% used by the respondents.

Table 17: Emotional support (business networking and family support)

Businesses Providing Networking Support	% of Respondents who Know the Business	% of Respondents who have used the Business
South African Women Entrepreneurs Network (SAWEN)	94%	81%
Small Enterprises Development Agency (SEDA)	52%	23%
Khula Enterprises	48%	10%
Business Partners	26%	13%
The Business Place	26%	10%
Other Businesses	6%	6%

6.4.2. Literature

Although entrepreneurs may hold some of the resources regarding information, capital, skills, and labour to start business activities, they often complement their resources by accessing their contacts (Aldrich and Zimmer, 1986; Aldrich *et al.*, 1991; Cooper, Folta, and Woo, 1995 Hansen, 1995, cited in Greve and Salaff, 2003).

The size of available networks assists entrepreneurs to access crucial information and other resources from knowledgeable others, as well as enabling entrepreneurs to position themselves within a social network to shorten the path to knowledgeable others to get what they need (Blau, 1977; Burt, 1992; Granovetter, 1973, cited in Greve and Salaff, 2003).

Although some of the literature has been advocating networking, research has shown that larger networks can hinder venture growth, as the costs of

maintaining extensive networks could exceed the benefits obtained from them. Instead, the time spent in building and maintaining these networks could be invested in actions that grow the firm (Weiler and Bernasek, 2001, cited in Batjargal *et al.*, 2009).

In cases where there is inadequate formal assistance, informal sources such as spouses and other family members are a form of support. Some research has highlighted the fact that female networks may not be helpful in nurturing subsequent business growth, due to the limited size of the female business community in emerging markets. What was found to be more effective were the characteristics of the networks themselves (Aidis *et al.*, 2007).

With regard to gender differences in networking, males were found to tend to access more powerful networks, which in turn led to more effective business support (Aidis *et al.*, 2007).

Women networks were found to be composed of large proportions of less wealthy and significant actors (McGuire, 2000, cited in Batjargal *et al.*, 2009). These networks typically consist of family members and close friends (Renzulli *et al.*, cited in Batjargal *et al.*, 2009). These strong ties can direct entrepreneurs' attention away from their ventures and channel their energies and time into alternative social activities, with limited value for their new ventures. Conflicting demands on the entrepreneur could be created by those who praise them for being successful and those who encourage them to fulfil their responsibilities as mothers, spouses and daughters (Lewis, 2006, cited in Batjargal *et al.*, (2009).

6.4.3. Conclusion on findings

Women in this study had flexible networking requirements. One respondent noted that effectiveness of networking opportunities could be increased through holistic involvement of the academic, business and political institutions via platforms such as forums, workshops, conferences and virtual applications. Contrary to the literature, the women did not express a desire for deep networks that were emotionally expensive and yielded marginal business returns. The

institutions offering business networking need to raise more awareness of their service offerings.

6.5. Research question 4:

Are women entrepreneurs willing to take risks by obtaining external funding to expand their businesses and is the funding accessible?

6.5.1. Research findings

Women respondents were not intimidated by being served by men when applying for loan. They were, however, not able to access the loans to start their business nor getting adequate funding to meet their business needs. The women did, however, show a high risk-averse nature, as they answered the question “preferred to keep my risk low and used my own funding” with a high mean and a p-value less than 0.05.

Table 18: Effectiveness of financial support Institutions

Businesses Providing Financial Support	% of Respondents who Know the Business	% of Respondents who have used the Business
ABSA bank	87%	16%
Standard Bank	77%	13%
First National Bank (FNB)	74%	0%
National Youth Development Agency (NYDA)	68%	3%
Khula Enterprises Finance Limited	65%	0%
Business Partners	45%	6%
The Business Place	26%	3%
Red Door (Western Cape)	16%	0%
Other Businesses	10%	6%

With regard to working capital, the respondents scored statistically higher than the null hypothesis on their capital being financed by their family and own savings. They answered that cultural bias still plays a great part in business decisions against women when accessing loans. They felt empowered to seek loans by themselves without the assistance of a male. However, they were more neutral towards the statement about women getting the same treatment as males when they apply for a loan. They did not agree with the statement that males had to co-sign for their loans.

6.5.2. Literature

Although women entrepreneurs could access financial resources, their risk-averse nature due to their roles in the household prevented them from using bank loans (Aidis *et al.*, 2007)

Bootstrapping should not necessarily be regarded as a bad thing as it has its advantages as well as disadvantages. The advantages are that it keeps the entrepreneur motivated while proving the concept without accompanying exposure to big financial risks. The disadvantages include the personal risk for the entrepreneur (FNB, 2011).

Business characteristics that affected loan funds provision were sector, size and age of the firm and its property structure. Women generally start new or micro-businesses in traditional, low-growth industries which are mainly in service and retail. These have a low growth profile and higher risk. Moreover, the fact that women are, more often than men, sole owners could explain the smaller initial capital invested in start-ups by women entrepreneurs, in comparison with their male counterparts. It could also make these businesses less appealing to potential financiers (Orhan, 2001; Heidrick and Nicol, 2002, cited in Constantinidis *et al.*, 2006).

According to Constantinidis *et al.* (2006), access to finance is determined by three women entrepreneurial types. These are:-

- Women with low levels of human and social capital, who choose traditional businesses, particularly in services and retail sectors, with low growth potential and limited capital needs; these are not attractive to investors.
- Women who took over family businesses, who do not have a problem accessing finance due to their investing in male-dominated sectors.
- Women with high levels of social capital, who tend to use external funding and do not encounter problems in accessing it.

6.5.3. Conclusion on findings

Women seem to have a highly risk-averse nature that prevents them from accessing institutions for loans. They fund the businesses through family and their own savings. This will limit their business size, as working capital could be inadequate. As the women indicate that they feel empowered, they need to transcend their risk-averse nature to get the business funding that they need. Further limitations on their business expansion in this study were that 50% of the women were involved in unscalable businesses and most of the women were sole proprietors.

The financial institutions had very low funding uptake, as most women had not used them; one respondent mentioned that there was “too much red tape” and that the funding was not readily available. The women, however, feel empowered to approach the institutions on their own for loan applications without a male relative intervening. They indicated that cultural bias against women still plays a part in the decisions on loan applications.

6.5. Overall research conclusions

Women believe that the responsibility for empowerment rests mainly with themselves (39%) followed by the government (35%). For women to become a self-subject, they need to “like man, transcend the definitions, labels and essences limiting their existence” (Kyro, 2006). Government institutions have an important role to play by conducting informational campaigns about law changes concerning women entrepreneurs and to disseminate this information through business organisations (Bushell, 2008).

The research findings against the research questions are tabled below. The sample was based on women entrepreneurs who had email access and the ones who attended SAWEN organised Shanduka blackumbrella incubation meetings. These could be the more ambitious entrepreneurs and not representative of the general SAEM members.

Table 19: Research evaluation

Research question	Summary of findings and literature base
Research question 1: Does gender play a role in encouraging women to invest in certain businesses that cannot scale up and lead to higher entrepreneurship?	Women were equally likely to be involved both in traditional non scalable women businesses and non traditional scalable women business. The literature mostly concurs with women being involved in low growth service sectors. These businesses though, require less capital, and contribute to women employment. Women start businesses that appeal to their creative side. The literature confirms this. These businesses were said to relate to social causes. The literature confirms this but findings revealed that women also had high expectations to make money from the businesses. Women are in businesses to balance work and family life. This concurs with the literature. Women start a business due to feeling undervalued in organisations as employees. This concurs with the literature.
Research question 2: To what extent do women entrepreneurs require operational (technical) business support, and understand the institutional offerings to grow their businesses?	Technical support in marketing their products was needed. Literature supports this. Respondents did not agree that they needed support in technology and finance and they stated that they knew where to go for support for business problems. Literature mostly refers to women lacking technological, marketing and finance skills. They know support institutions but use one or two extensively. Generally institutions appear ineffective.
Research question 3: Do women entrepreneurs effectively use networking support structures that lead to business opportunities?	The survey revealed family as a high source of support in the entrepreneurs' businesses. The literature supports this. Women did not find it difficult to balance business requirements and family responsibilities. Literature refers to the dual role almost as a burden. Networking was acceptable across the gender divide and with other cultural groups. Deep networking relationships were not found to be preference. Literature refers to women wanting deeper, more time consuming networks that add less value to their businesses compared to men. Support were institutions known, but only two widely used.
Research question 4: Are women entrepreneurs willing to take risks by obtaining external funding to expand their businesses and is the funding accessible?	Women were found to be mostly risk averse. Businesses were funded by themselves, family and friends. Businesses mostly small - employing five people or less. Literature supports this. Women felt empowered to approach institutions for loans without a male relative. Literature supports that women entrepreneurs are in different groups and "classic" entrepreneurs have no issues accessing funds versus "forced" entrepreneurs who are motivated by lack of employment and "work family" entrepreneurs.

7. Chapter Seven – Conclusion

This chapter will revisit the research objectives, highlight the main findings of the research; include recommendations to stakeholders and provide direction for future research.

7.1. Research objectives

The research objectives were to assess the effectiveness of institutional support for women entrepreneurs. The support investigated was operational (business and technical), emotional (networking) and financial support. The researcher envisioned that effective institutional support would result in higher entrepreneurial activity among women and lead to job creation, less dependence on government grants, and more economic growth in the SMME segment. This research was investigated from a gender and cultural perspective.

7.2. Research methodology

The research methodology was mostly quantitative, and was achieved by sending an email questionnaire survey to women entrepreneurs who were paying members of SAWEN. This questionnaire was emailed directly by SAWEN to their members, with responses emailed directly to the researcher. SAWEN was chosen as a unit of analysis due to its involvement with the other institutions providing support for women entrepreneurs. It follows that these women had involvement with these other institutions. The responses via email were very poor and data had to be gathered directly at SAWEN meetings by means of the women entrepreneurs completing hard copies of the questionnaire. Once the responses were received, they were numbered, and entered into a spreadsheet for data input and analysis into SPSS.

7.3. Summary of key findings from the research

7.3.1. Gender issues

Women were equally likely to start businesses in the lower-paid services and higher-growth businesses. However, a number of women had more than one business, which could compromise the business growth due to the owner paying divided attention at the nascent stage of the business.

Although the businesses started had a social cause, the women also had a profit incentive to start these businesses.

Women started their business to balance their dual role of work and family, but this was not a difficult factor for them.

Most businesses were sole proprietorships and were in the micro-to-small segments, so limited employment will be the result.

7.3.2. Operational support (business and technical support)

Women respondents were open to receiving support from all angles and did not mind support coming from men.

The women stated that they knew their business value propositions, but an area in which they needed support was in marketing their products

Operational support institutions were known but not used, and therefore were not effective. The top five known and used operational support institutions are given below

- SAWEN (known by 97% and used by 87%)
- Shanduka Black umbrella Incubators (known by 90% and used by 29%)
- SEDA (known by 87% and used by 19%)
- Khula Enterprises (known by 87% and used by 13%)
- NYDA (known by 84% and used by 13%)

The above shows that the better known institutions are, the more they are also used by the women. The important point is for the institutions to advertise their services more strategically, besides just becoming known.

7.3.3. Emotional support (networking and family support)

Family is an important source of support for women.

Women do not seek deep, time-consuming networking relationships that do not yield business value.

Women did not, surprisingly, find it difficult to balance business requirements and family responsibilities.

The networking support institutions are known but few are used. The top five institutions used are:

- SAWEN (known 94% and used 81%)
- SEDA (known 52% and used 23%)
- Khula Enterprises (known 48% and used 10%)
- Business Partners (known 26% and used 13%)
- The Business Place (known 26% and used 10%)

7.3.4. Financial support

Women do have a risk-averse nature, so very little use was made of financial institutions to expand businesses despite the women's affirming that they were confident enough to approach banks for financial assistance without men accompanying them.

Funding for businesses was mainly from self, family and friends.

Cultural bias was said to affect decisions against women on granting of institutional loans.

The financial institutions, again, are known but not extensively used by the surveyed respondents. The top five known institutions are:

- ABSA Bank (known 87% and used 16%)
- Standard Bank (known 77% and used 13%)
- First National Bank (known 74% and used 0%)
- NYDA (known 68% and used by 3%)
- Khula Enterprises (known 65% and used by 0%)

Finance costs were also indicated to be too costly.

7.4. Research recommendations to the institutions

Women entrepreneurs are not a homogeneous group. The entrepreneurs need to be profiled more and tailored services developed to meet the different needs of female entrepreneurship. Although SAWEN segments its entrepreneurs according to business segments and number of employees in the business, a “one size fits all” approach seems to be the general view and institutions need to tailor their offerings more to be reviewed.

Service businesses are the preferred option for half of the women entrepreneurs; these businesses are necessary and can grow the economy and also need to be nurtured.

Government should communicate more on specific incentives for women entrepreneurs who are employing a considerable number of people and are successful.

Institutions need to communicate more effectively about the services they offer and to the right audiences.

Organisations like SAWEN need to closely evaluate the success of their associations with women entrepreneurs’ institutions like Shanduka, SEDA, etc.

7.5. Recommendations for further research

Other researchers could perform a study of women entrepreneurs from other organisations such as BWASA to assess their standpoint on the effectiveness of institutional support.

Further research could focus on specific reasons women entrepreneurs do not take up available institutional support.

Research could be done on the role of media and women entrepreneurship. Are women enterprises and successes celebrated enough in the media to create awareness of achievements and attract other entrepreneurs?

7.6. Research conclusion

A gap identified was that technical support in marketing their products was needed.

Morris *et al.* (2006) refer to the perception that women face unique challenges in selling. As a result, the need for women to develop stronger engineering and science skills may be misplaced. This inability to sell may be as a result of women's lack of access to networks and connections. Women networks were found to be composed of large proportions of less wealthy and significant actors (McGuire, 2000, cited in Batjargal *et al.*, 2009). Women networks need to be focused on sales skills and achieving business results. Women need to face up to their risk averse nature and access funds to propel their businesses to a level that entrepreneurship leads to higher employment and economic growth.

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Appendix A: Small business support agencies

National Small Business Agencies	Services Provided
Khula Enterprise Finance Limited	Agency of the DTI and is a wholesale finance institution which operates across the public and private sectors through a network of financial intermediaries across the country. Its primary aim is to bridge the funding gap in the SME market not addressed by commercial financial institutions. Through Khula Credit Indemnity provides bank indemnity to business owners without collateral through commercial banks
National Youth Development Agency (NYDA)	Focuses on youth from 14 years to 35 years. The agency initiates, facilitates, implements, coordinates and monitors youth development interventions aimed at reducing unemployment and promoting social cohesion.
Small Enterprise Development Agency (SEDA)	Also an agency of the DTI and supports the establishment and growth of enterprises. The agency works with new and existing companies that seek to strengthen their competitiveness and growth
Tshumisano Trust	Implementation agency for the Dept of Science and Technology. The trust provides technical and finance support to technology stations based at the country wide Universities of Technology. The technology station in turn offer support to existing SMEs in terms of technology solutions, services and training.

Other Support Agencies

Finance	Companies such as Business Partners, Grofin, IDC, Khula Enterprises, Marang Financial Services, National Empowerment Fund, South African Micro Finance
Finance- Women Specific	Business Partners Women's Funds, Isivande Women's Fund
Incubation	Black Umbrellas, Chemin, Egoli Bio Life Science., Lepharo, Seda Construction.
Mentorship	Business Partners Mentorship -offer sectoral mentorship for specific business, and turnaround assistance for businesses in financial trouble. Khula Mentorship Programme - Pre loan and post loan mentorship to SMEs. Pre loan mentorship geared towards assisting aspiring entrepreneurs with potentially feasible business idea to package viable business plan with purpose to submit business plans to Khula's partners for funding
Networking	Enblis -A Canadian based not-for profit organisation that supports entrepreneurs in the developing world by being an organized, interactive network of entrepreneurs who share similar values and who believe in the importance of SME for poverty reduction in sustainable development
Technology Advice and Transfer	National Technology Transfer Centre, (NTTC) Another DTI initiative. Centre promotes and facilitates transfer of appropriate, effective and competitive technology to SMES
Training and Technical Assistance	Merserta Voucher Implementation Project. Offers web based training vouchers for companies up to R100 000 per SMME
Venture Capital	Venture Capital Fund- DTI initiative for financing first two stages of development of new technology-based firms
Women Enterprise Programmes	South African Women Entrepreneurs Network (SAWEN) Another DTI initiative, this is a networking forum for individuals and organisations that are committed to the promotion and advancement of women entrepreneurs. They also assist woman owned start-ups to get registered and provide information, advice, referrals, tender information and advice, training, company audits and assessments, technical support, business coaching and mentoring, market access, business linkages and cooperative enterprise development

Source: National Directory of Small Business Support, 2010 the www.thedti.gov.za

Besides the above synopsis of institutional support, the four big banks operating in South Africa, ABSA, FNB, Nedbank and Standard Bank provide finance to SMME entrepreneurs which Khula Enterprises compliments by supporting credit guarantees.

Appendix B: Survey questions for women entrepreneurs

Dear woman entrepreneur

I am conducting research on the effectiveness of institutional support for women entrepreneurs. To that end, you are asked to complete a survey about women entrepreneurs and the formal and informal support they can access for their businesses.

This will help us better understand women entrepreneurship and their needs. Your participation is voluntary and you can withdraw at any time without penalty. Of course, **all data will be kept confidential**.

By completing the survey, you indicate that you voluntarily participate in this research. If you have any concerns, please contact me or my supervisor. Our details are provided below.

- Please ensure you complete **ALL** the questions.
- This is an 11 page survey and should take no more than 15minutes of your time.

Thank you for your participation! Please email the replies to sithabilemari@hotmail.com

Researcher name: Sithabile Mari
Email: sithabilemari@hotmail.com
Phone: 082-455-5046

Supervisor Name: Shireen Chengadu
Email: chengadus@gibs.co.za
Phone: 083-324-3188

About your circumstances

Please mark an X next to your selection for the questions below

1. Please indicate your business sector?

Hairdressing	
Finance, real estate and business services including consulting	
Decorating services	
Events management, marketing and public relations	
Arts and crafts	
Catering	
Cleaning	
Bed and breakfast	
Hotels and restaurants	
Wholesale & retail trade	
Transport and communication	
Construction	
Electricity gas and water	
Manufacturing	
Mining and quarrying	
Agriculture, forestry and fishing	
Other- Please specify by typing here	

2. Please select the number of paid employees in your business?

Over 200	
Between 101 and 200	
Between 51 and 100	
Between 21 and 50	
Between 6 and 20	
Less than 5	
Only myself	

3. Information relating to business partners

No, sole proprietor	
Yes, in business with family	
Yes, I have a business partner/s	
Yes, family and other partners	

Please mark an X next to your selection for the questions below

4. Years of business operation

15 years +	
10 years to 14 years	
5 years to 9 years	
3.5 to 4 years	
Less than 3.5 years	

5. I have tried other businesses before

Yes	
No	

6. Business owner's age in 2011

56 and older	
51-55	
46-50	
41-45	
36-40	
31-35	
Less than 30	

7. Marital status

Married	
Divorced	
Live with a partner	
Never married	

8. Children

I have no children	
I have 1 child	
I have 2 children	
I have more than 3 children	

Please mark an X next to your selection for the questions below

9. My racial classification

African	
Coloured	
Asian	
Caucasian	
Chinese	

10. My educational levels

Degree plus	
Degree	
Diploma	
Matric	
Less than matric	

11. For women entrepreneurs to be successful the most empowerment will come from

The government	
Themselves	
Their family	

Please page down

About your business

Please mark each question with an X in the appropriate column i.e. **Strongly Agree, Agree, Not Sure, Disagree or Strongly Disagree**

Gender reasons for starting my business

	To what extent do you <i>agree</i> with the following statements regarding starting your business?	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
1	I wanted to balance work and family commitments					
2	I wanted to contribute to a social cause					
3	I felt undervalued and undermined as a woman employee in my last job					

General reasons for starting my business

	To what extent do you <i>agree</i> with the following statements regarding starting your business?	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
4	I started my business due to lack of prospects in my last job					
5	I was retrenched in my last job					
6	I wanted to make more money					

My choice of business

	To what extent do you <i>agree</i> with the following statements regarding your choice of business?	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
7	I was involved in the same business in my previous employment					
8	My family was involved in the same business					
9	I inherited the business					
10	It appeals to my creative side					
11	The business did not require much capital funding start-up costs					
12	I knew other people who were in the same business					

Please mark each question with an X in the appropriate column i.e. **Strongly Agree, Agree, Not Sure, Disagree or Strongly Disagree**

Business expansion

	To what extent do you <i>agree</i> with the following statements expanding your business?	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
13	I am willing to use borrowed finance to expand my business					
14	I would merge with another company to grow the business					
15	I want to keep my business small and manageable to accommodate my family responsibilities					
16	Given the chance I would employ more people					

Please mark each question with an X in the appropriate column i.e. **Strongly Agree, Agree, Not Sure, Disagree or Strongly Disagree**

Operational and business support

	To what extent do you <i>agree</i> with the following statements regarding the professional and expert support that you get in your business?	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
17	My biggest concern is that I lack knowledge in finance					
18	My biggest concern is that I lack knowledge in marketing my products					
19	My biggest concern is that I lack knowledge in technology					
20	I know where to go for support for most business problems					
21	I do not mind getting business support advice from a male					
22	I have received government business through business support initiatives and networks					
23	I am clear about what makes my business the best business in the market (my value proposition)					
24	The support offerings for business support are easy to understand					
25	I believe that government programmes are adequately supporting women entrepreneurship					

Please mark each question with an X in the appropriate column i.e. **Yes or No**

Operational and business support continued

26	Do you know of the following agencies providing business and technical support?	Yes	No
	Business Partners		
	Khula Enterprises		
	National Youth Development Agency (NYDA)		
	South African Women Entrepreneurs Network (SAWEN)		
	Red Door (Western Cape)		
	Shanduka Black Umbrella		
	Small Enterprises Development Agency (SEDA)		
	Technology for Women in Business (TWIB)		
	The Business Place		
	Tshumisano Trust		
	Other- Please specify here →		

Please mark each question with an X in the appropriate column i.e. **Yes or No**

27	Have you used any of these agencies?	Yes	No
	Business Partners		
	Khula Enterprises		
	National Youth Development Agency (NYDA)		
	Red Door (Western Cape)		
	South African Women Entrepreneurs Network (SAWEN)		
	Shanduka Black Umbrella		
	Small Enterprises Development Agency (SEDA)		
	Technology for Women in Business (TWIB)		
	The Business Place		
	Tshumisano Trust		
	Other- Please specify here →		

Please mark each question with an X in the appropriate column i.e. **Very effective, Good, Don't Know, Poor or Very Ineffective**

Operational and business support continued

28	Rate the effectiveness of these agencies with regards to operational and business support	Very Effective	Good	Don't Know	Poor	Very Ineffective
	Business Partners					
	Khula Enterprises					
	National Youth Development Agency (NYDA)					
	Red Door (Western Cape)					
	Shanduka Black Umbrella					
	Small Enterprises Development Agency (SEDA)					
	Technology for Women in Business (TWIB)					
	The Business Place					
	Tshumisano Trust					
	Other- Please specify here and rate					

Please mark each question with an X in the appropriate column i.e. **Strongly Agree, Agree, Not Sure, Disagree or Strongly Disagree**

Emotional Support (Business networking and family support)

	To what extent do you agree with the following statements?	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
29	My family are my support system in the business					
30	Balancing the business requirements and family responsibilities is a difficult aspect of my life					
31	I get good business leads from my network contacts					
32	I prefer to network with people I have deep relationships with					
33	I network with people outside my cultural group					
34	I do not mind networking with men					

Please mark each question with an X in the appropriate column i.e. **Yes or No**

Emotional Support (Business Networking and Family Support) continued

35	Do you know of the following agencies which provide networking support?	Yes	No
	Business Partners		
	Khula Enterprises		
	Small Enterprises Development Agency (SEDA)		
	South African Women Entrepreneurs Network (SAWEN)		
	The Business Place		
	Other- Please specify here		

36	Have you used these agencies for networking support?	Yes	No
	Business Partners		
	Khula Enterprises		
	Small Enterprises Development Agency (SEDA)		
	South African Women Entrepreneurs Network (SAWEN)		
	The Business Place		
	Other- Please specify here		

Please mark each question with an X in the appropriate column i.e. **Very effective, Good, Don't Know, Poor or Very Ineffective**

37	Rate the effectiveness of these agencies with regards to the quality of networking support provided?	Very Effective	Good	Don't Know	Poor	Very Ineffective
	Business Partners					
	Khula Mentorship Programme					
	Small Enterprises Development Agency (SEDA)					
	South African Women Entrepreneurs Network (SAWEN)					
	The Business Place					
	Other- Please specify here					

Please mark each question with an X in the appropriate column i.e. **Strongly Agree, Agree, Not Sure, Disagree or Strongly Disagree**

Financial Support - Start-up Costs

	To what extent do you agree with the following statements?	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
38	I preferred to keep my risk low and used my own funding					
39	I obtained funding from friends and family					
40	I was able to access loans to start up my business easily					
41	I received a loan that was not adequate for my business needs					
42	I felt confident enough to approach the bank for a start-up loan					
43	I did not have the expertise to provide an adequate business plan					
44	I feel that financial institutions are unwilling to lend to women					
45	I mind being served by a man when applying for a loan					

Please mark each question with an X in the appropriate column i.e. **Yes or No**

46	Do you know of the following agencies which provide financial support?	Yes	No
	ABSA bank		
	Business Partners		
	First National Bank (FNB)		
	Khula Enterprises Finance Limited		
	National Youth Development Agency (NYDA)		
	Red Door (Western Cape)		
	Standard Bank		
	The Business Place		
	Other- Please specify here		

Please mark each question with an X in the appropriate column i.e. **Yes or No**

47	Have you used any of these agencies for financial support?	Yes	No
	ABSA bank		
	Business Partners		
	First National Bank (FNB)		
	Khula Enterprises Finance Limited		
	National Youth Development Agency (NYDA)		
	Red Door (Western Cape)		
	Standard Bank		
	The Business Place		
	Other- Please specify here		

Please mark each question with an X in the appropriate column i.e. **Very effective, Good, Don't Know, Poor or Very Ineffective**

48	How do you rate the below agencies effectiveness for financial support?	Very Effective	Good	Don't Know	Poor	Very Ineffective
	ABSA bank					
	Business Partners					
	First National Bank (FNB)					
	Khula Enterprises Finance Limited					
	National Youth Development Agency (NYDA)					
	Red Door (Western Cape)					
	Standard Bank					
	The Business Place					
	Other- Please specify here					

Please mark each question with an X in the appropriate column i.e. **Strongly Agree, Agree, Not Sure, Disagree or Strongly Disagree**

Financial Support - Working Capital

	To what extent do you agree with the following statements?	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
49	My working capital is financed by my family and own savings					
50	I need a male to co-sign my application for institutional loans					
51	As a woman I feel that I get the same treatment as a male when I apply for a loan					
52	I feel empowered to seek a loan on my own					
53	Cultural bias still plays a great part in business decisions against women when accessing loans					

My general comments about support available to women entrepreneurs

Business support:
Networking support:
Financial support:
I would like to see the following changes from institutions:(government and private regarding support for women entrepreneurs)
Women transformation: Women need to do the following in order to empower themselves as entrepreneurs