

Chapter 4: Women entrepreneurs in South Africa

“To encourage larger numbers of women into self-employment, there is a clear need to widen access to business start-up training and advice. In practice, this implies offering a wide range of start-up support services which encourage women into business. Women enter business from a wide variety of backgrounds and with a wide range of experience. The provision of business start-up training and advice needs to accommodate these very different experiences. Women attending entrepreneurship programmes have often criticised these programmes as being male-orientated and prescriptive. Despite the prevailing view among management theorists of the need for businesses to use female management skills, there is little evidence of this being addressed in start-up programmes. By contrast, women are expected to conform to male models and standards of behaviour and learning is seen as being ‘one-way’, that is, women learn male behaviours.”

- Carter (2000: 313)

4.1 Introduction

Reflection on the social construction of gender and economics (and business economics in particular) started late in comparison with other scientific disciplines. Its most obvious contentions were that men have always dominated the scientific community, that gendered attitudes to entrepreneurs make women invisible and that analyses of women’s experiences are inadequate, biased or distorted (Bruni, Gherardi & Poggio, 2004: 258). During the same period, management and organisation studies took a “gender-neutral” approach to entrepreneurship (Aldrich, Baker & Liou, 1997: 224), but they did so by studying male entrepreneurs and considering their female counterparts to be only a tiny minority, not worthy of particular attention.

Moore and Butter (1997: 19) maintain that until the beginning of the 1980s almost nothing was known about women entrepreneurs and that entrepreneurship studies concerned themselves almost entirely with men. It was therefore during the 1980s that scientific discourse on women entrepreneurs and women-run organisations began to gain ground. Mattis (2004: 155) agrees stating that until recently much of

what has been known about the characteristics of entrepreneurs, their motivations, backgrounds, families, occupational experience, their successes and failures, has been based on male entrepreneurs. In addition, little attention has been given in entrepreneurship studies to under-represented minority business-owners.

According to Timmons and Spinelli (2004: 256) now that there is an increase in the number of women involved in entrepreneurship, researchers have begun to study why this disparity exists and whether there are inherent differences between men and women entrepreneurs. Statistics in the USA show that women-owned businesses are the fastest growing segment of new business start-ups; black women's businesses form a larger share of black-owned businesses than white women's businesses do of white firms (Mattis, 2004: 155). Researchers' interest in entrepreneurship among women is reflected in the number of PhD dissertations on women entrepreneurs – 54 between 1993 and 2003. Attention is also given to this topic at professional meetings such as the 2003 annual meeting of the Academy of Management in the USA and various other women's conferences and societies. (Mattis, 2004: 155).

Yet despite the growing number of women entrepreneurs, Starr and Yudkin (1996: 11), state: "*we know surprisingly little about women entrepreneurs' business practices, survival and growth strategies, and their perceptions of their entrepreneurial careers*". McClelland, Swail, Bell and Ibbotson (2005: 85) agree and argues that: "*women entrepreneurship is an under-researched area with tremendous economic potential and one that requires special attention*". However, Brush (1992), Ahl (2002) and Monaci (1997) in Bruni *et al.* (2004: 259) state that research has indicated that studies on women entrepreneurs are broadly divided among five thematic areas:

- The "breeding grounds" of female entrepreneurship;
- Patterns of female entrepreneurship;
- The barriers against female entrepreneurship;
- The motivations of women entrepreneurs; and
- Their organisational and managerial methods – the enterprise culture of women entrepreneurs.

This chapter, therefore, endeavours to address these issues through investigating South African women entrepreneurs. An investigation is launched to find the most significant reasons why women start businesses, the barriers they face as well as comparisons between men and women entrepreneurs. The chapter concludes by presenting women entrepreneurs' needs in terms of entrepreneurial and business training and exploring the need for women entrepreneurship training programmes.

4.2 Literature on women entrepreneurs in South Africa

McClelland *et al.* (2005: 87) define a woman-owned business as one which is at least 51 % owned by one or more women or, in the case of any publicly-owned business, at least 51 % of the stock of which is owned by one or more women; and the management and daily business operations of which are controlled by one or more women.

According to Friedrich *et al.* (2003: 2), the focus of the South African government is primarily on the development of previously disadvantaged communities. Women entrepreneurs in South Africa have, however, been particularly disadvantaged as, in the past, they owned no property to be used as collateral on loans and in fact needed their husbands' permission to enter into financial arrangements (Simbwaye, 2002: 3). As a result, many of the informal sector women entrepreneurs do not even have bank accounts, let alone access to external finance. The shift of the new South African government after 1994 was not accompanied by a widespread rise of research in this sector linked to psychological, cultural and economic factors. This is especially true for the training sector. Due to the restructuring policies in organisations, the current business climate in South Africa is certainly right for women to enter business in much larger numbers and play a leading role in organisations. They are much more at ease around critical issues such as co-operation, networking, transparency and relationships.

According to Foxcroft *et al.* (2002: 25) the rate of entrepreneurial activity among men is far higher than that among women. South Africa is no exception. Cultural and social norms are more likely to play a role in these gender differences, particularly since women traditionally have more domestic responsibilities such as child-rearing.

The authors stress that it is important that more South African women be encouraged to pursue entrepreneurial ventures and point out that particular obstacles to the involvement of women in self-employment activities need to be addressed. However, in August 2005, Nkai (2005: 20) quoted the GEM international study, stating that women in South Africa are matching men step by step when it comes to starting and running their own businesses, putting local female entrepreneurial activity at the same level as that in developed countries like the USA and Finland. Von Broembse, lead researcher on the South African GEM report conducted by the University of Cape Town (UCT) Graduate School of Business, states that the goal of this report is to provide a comprehensive and up-to-date study of the role played by women involved in entrepreneurial activity in the world economy (Nkai, 2005: 20). The report shows that the gender gap is widest in middle-income countries and lowest in high-income countries. In low- and middle-income countries, South Africa being classified as the latter, many women are involved in entrepreneurship because of a lack of alternative job opportunities.

According to Hendricks (2001: 7), the multitude of challenges facing women entrepreneurs in South Africa means that their full economic potential is not fully exploited by both business and government. Such challenges have been documented in many documents and articles, including the report compiled by the Africa Project Development Facility (APDF), which points out that such challenges include access to finance and the cost of finance, access to the market, access to information on support services available and access to training (Dlamini & Motsepe, 2004: 13). Mallane (2001: 21) highlights the fact that the report, "Profile of Successful Women in Business" pointed out some of the challenges facing women in business. With the increasing level of participation of women in small business activities comes the challenge of providing supportive measures that will ensure their success in the sector. The author continues by arguing that it is important to put gender equality in its proper perspective; gains by women do not necessarily mean losses for men. On the contrary, communities and countries that have given equal access to women and men in the economic sphere have progressed much faster than those that have denied such access. It is true that although there has been a general expansion of women's capabilities, women have on the other hand experienced only limited opportunities despite these changes: women entrepreneurs

still face gender-specific constraints at almost every stage of their business operation. These constraints normally include lack of financial skills, lack of training and market access and role barriers, to name but a few. Moreover, policy interventions designed to alleviate the constraints in the SMME sector have often not been beneficial to women entrepreneurs (Mallane, 2001: 22).

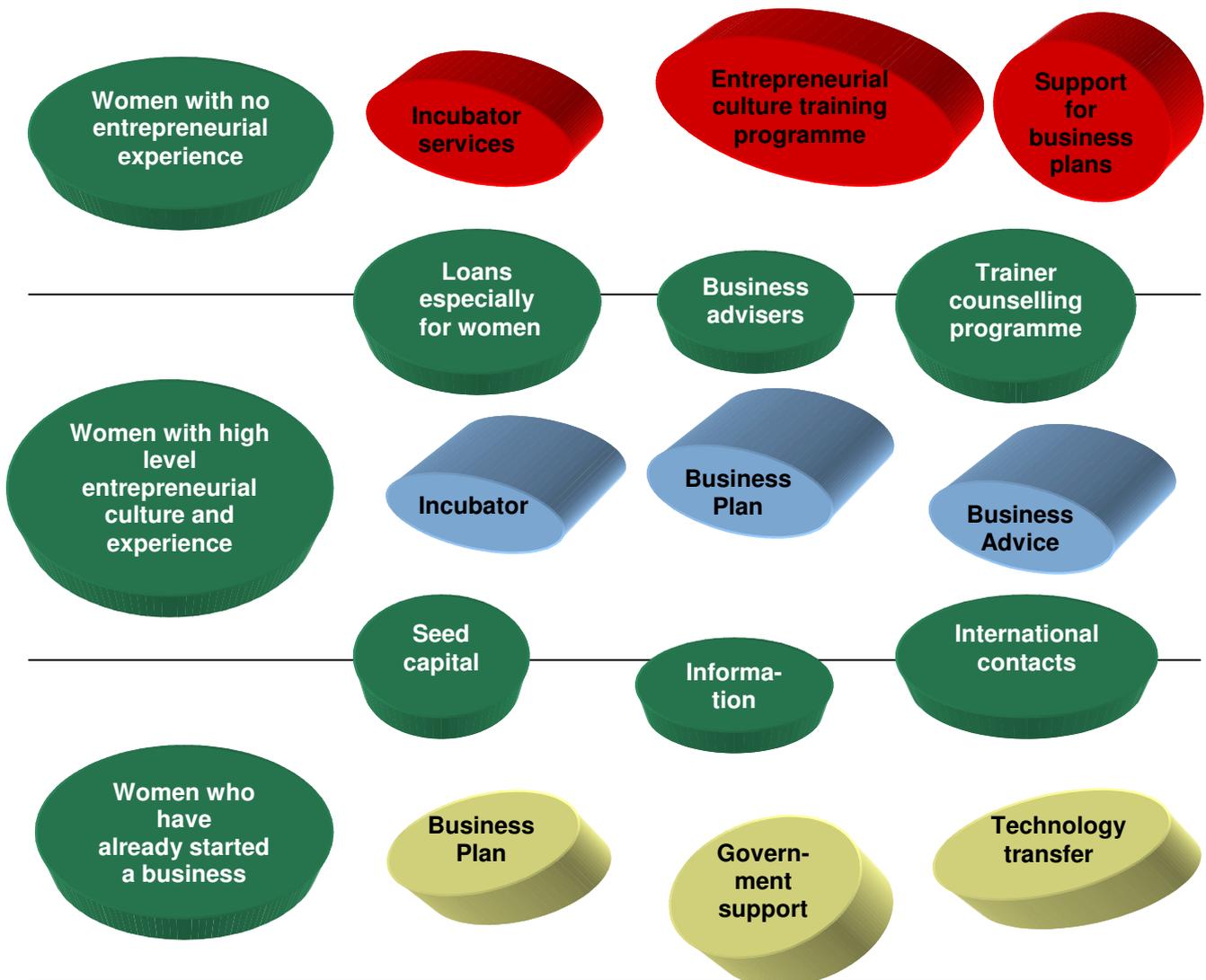
McClelland *et al.* (2005: 91) conducted an investigation to compare the cross-cultural motivations of women entrepreneurs to start their own business within six different countries: Canada, Singapore, Australia, New Zealand, Ireland and South Africa. Many of the businesses that they studied can be described as “socially oriented”, designed to help the overall community, environment or disadvantaged groups in society. In South Africa this trend appears most strongly across a diverse range of business sectors, with three different entrepreneurs citing the following reasons for their business activities:

- Had an interest in women’s issues and used the business as a promotional tool to fund and address the issue of abusive relationships;
- Felt compelled to use her business venture to create a strong community spirit; and
- Had a strong desire to address the gross inequalities, poverty, underdevelopment and the information drought experienced by women in business.

Support structures for women entrepreneurs in South Africa are a crucial element that can contribute to more successful women business owners. Figure 4.1 illustrates some of the support mechanisms that are available to women entrepreneurs at different levels of their entrepreneurial culture and experience.

Figure 4.1 is presented on the next page.

Figure 4.1: Support mechanisms for women entrepreneurs in South Africa



Source: Own compilation

The following observations can be made from Figure 4.1:

- Women with no entrepreneurial experience, as well as women with a high-level entrepreneurial culture and experience, could make use of incubator services, entrepreneurial culture training programmes and find support for business plans.
- Loans especially for women, business advisors and trainer counselling programmes can be utilised by women with no entrepreneurial experience as well as women with a high-level of entrepreneurial culture and experience.
- Seed capital, information and international contracts can be utilised by women with high-level entrepreneurial culture and experience as well as women who

have already started a business (start-up and already established women entrepreneurs).

- Start-up and already established women entrepreneurs can make use of business plan support, government support and technology transfer.

Other women business associations and organisations that can provide support and assistance to entrepreneurs in South Africa are highlighted in Table 4.1.

Table 4.1: Support organisations for women entrepreneurs in South Africa

Name of organisation	Abbreviation used
South African Women Entrepreneurs Network	SAWEN
Business Women’s Association of SA	BWASA
Technology for Women in Business	TWB
SA Women In Mining Association	SAWIMA
National Women in Agribusiness Co-operative	NAWACO
Women in Oil and Energy of SA	WOESA
Women In Nuclear	WIN
African Women Chartered Accountants	AWCA
Women in Information Communication and Technology	WICT
The National African Women’s Alliance	NAWA
Women In Research	WIR
South African Women In Construction	SAWIC

Source: Own compilation

4.3 Factors motivating women to start their own business

Recent studies have shown that the choice to start a new business is far more complex for women than men, and that women tend to be more sensitive than men

to a variety of non-monetary incentives. For women more than for men, the choice to start a new business is often linked to necessity or to time and location flexibility; that is, to the type of independence that can accommodate family needs and child rearing (Arenius, Minniti & Langowitz, 2005: 15). According to Adhikary and Rai (1999: 60), 49 % of all women in South Africa indicated that they started their businesses because of their own ideas. Overwhelming variety can be seen in the ideas and motivation to start a business. Necessity entrepreneurship is much more widespread among women in low-income countries such as South Africa, where the opportunity to necessity ratio is 1.7, as opposed to high-income countries such as the USA where the ratio is six (Arenius *et al.*, 2005: 12).

Dollinger (1999: 43), Wickham (2001: 63) and Nieman *et al.* (2003: 31) present a method for analysing the WHY (do women start businesses) question by means of push and pull factors. This section of the chapter focuses on the main reasons or forces that drive individuals to become entrepreneurs. They can be classified as either opportunity (pull factors) or necessity (push factors) of entrepreneurship. Necessity and opportunity entrepreneurship were mentioned in Chapter 1. Most people face a combination of push and pull factors, as indicated in Figure 4.2. Schindehutte, Morris and Kuratko (2000: 6-8) indicate that push versus pull factors or positive versus negative circumstances give rise to entrepreneurial action. Thus one is “pushed” into entrepreneurship by job dissatisfaction and another “pulled” into entrepreneurship by perception of market opportunities. These authors continue by stating that start-ups are generally thought to be triggered by individual factors such as the need for survival, job dissatisfaction or lay-off, divorce, death of a family member, desire to improve one’s lot, a windfall, deliberate search or invitation. According to Dollinger (1999: 43), positive pull is described as positive influences that lead to the decision to investigate entrepreneurship. These factors can come from a potential partner, a mentor, a parent, an investor or a customer. The positive pull factors include such factors as a career path that offers entrepreneurial opportunities or an education that gives the individual the appropriate knowledge and opportunity. The push and pull factors described by Wickham (2001: 63) are slightly different: Pull factors are those which encourage potential entrepreneurs by “virtue of the attractiveness of the option” and include financial rewards, preference for

independence, need for achievement, innovation, ambition and new challenges and to gain social standing and recognition.

Nieman *et al.* (2003: 31) indicate that push factors are those which encourage entrepreneurship for reasons such as traditional jobs being less attractive or possibly the fact that an individual does not have any other career choice or option; they include:

- Unemployment: a person who does not have a job in the established economy;
- Job insecurity, for example if a person is only appointed on a contract basis for a short-term period;
- Disagreement with management, career limitations and setbacks in a conventional job;
- Inability to “fit in” with the organisation; the inability to pursue a personal innovation in a conventional job;
- The limitations of financial rewards from conventional jobs;
- No other alternatives; and
- Reaching the “glass ceiling”.

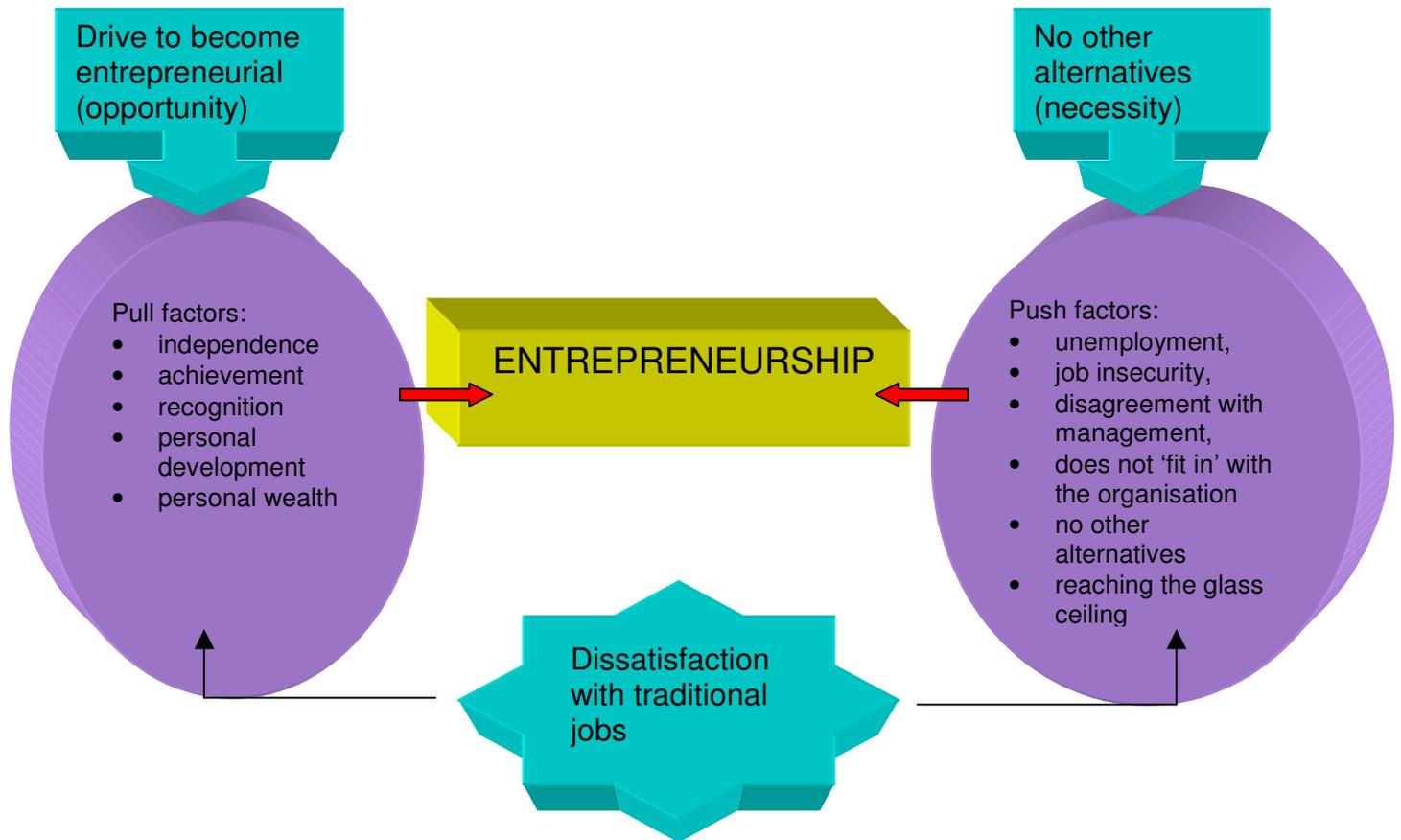
Welsh (1993: 12), Carter and Cannon (1992: 21) and McClelland *et al.* (2005: 85), found evidence of a “glass ceiling effect” that impede’s executive women from reaching more senior executive positions and thus pushes them from management positions into their own business.

Pull factors are those factors which encourage people in traditional jobs to leave their current jobs to become entrepreneurs; they include:

- Independence, the freedom to work for oneself;
- Achievement, the sense of acknowledgement to be gained from running one’s own venture;
- Recognition; a desire to gain the social standing achieved by entrepreneurs;
- Personal development; the freedom to pursue personal innovation; and
- Personal wealth, the financial rewards of entrepreneurship.

The need for independence and the challenge of business ownership are the most frequently quoted pull factors for women entrepreneurs (Carter & Cannon, 1992: 14).

Figure 4.2: The push and pull factors of entrepreneurship



Source: Nieman *et al.* (2003: 31)

Cooper (1981: 39) developed a model that is used to analyse the factors which influence the initial entrepreneurship decision and to develop a theory to apply to women entrepreneurs. Cooper's model incorporates three broad categories of influence:

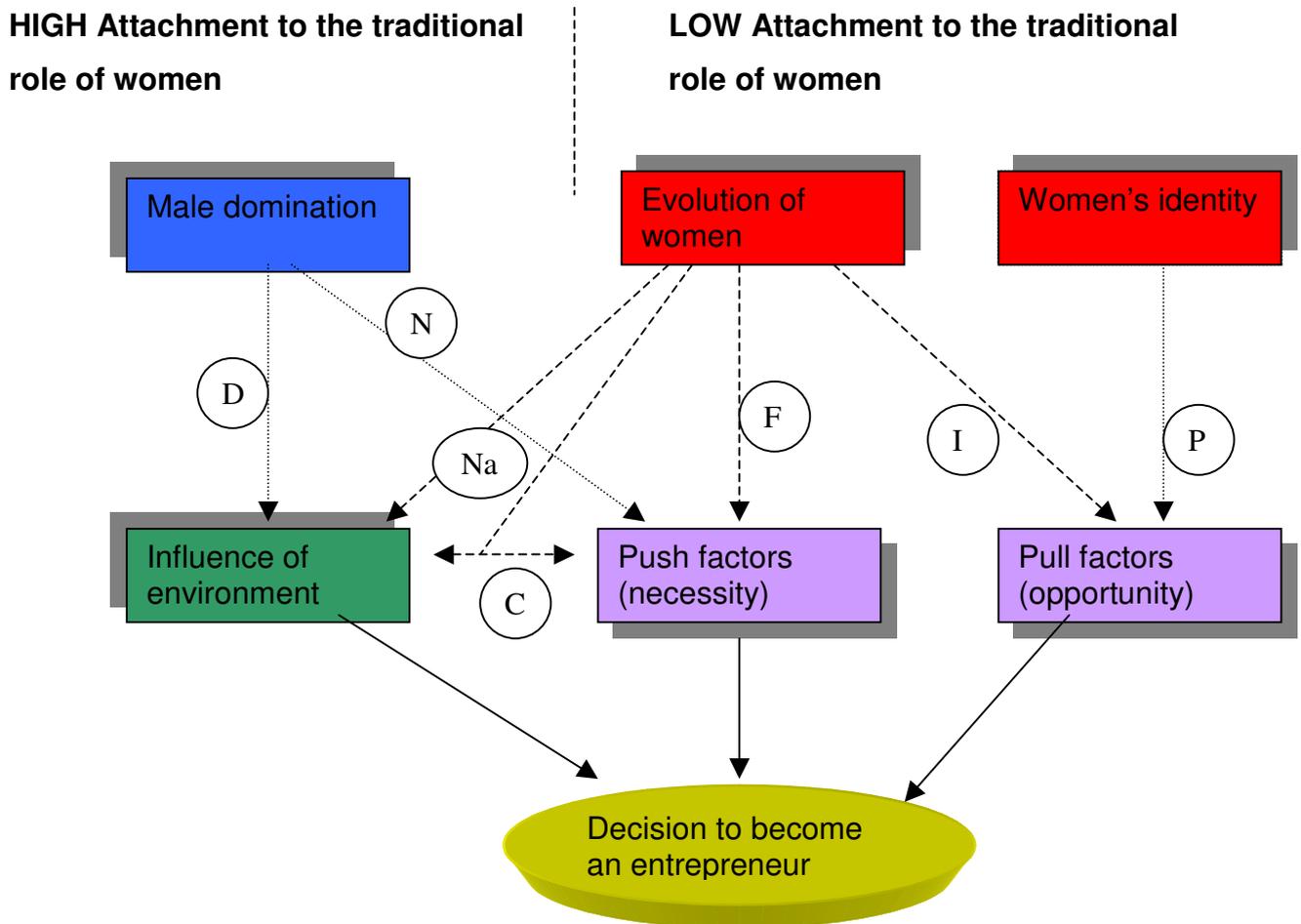
- **Antecedent influences** incorporate aspects of the entrepreneur's background which affect motivation, perceptions, skills and knowledge. They include genetic factors, family influences, education and previous career experiences;
- **Incubator organisation** describes the types of organisation for which the entrepreneur worked immediately prior to start-up. Characteristics include geographic location, type of skills and knowledge acquired, contact with other potential entrepreneurs and experience in a small business setting. In addition, Cooper (1981) cites the above-mentioned push and pull factors such as job loss (push) and desire for independence (pull); and

- **Environmental factors** include prevailing economic conditions (particularly the availability of venture capital), role models and access to support services.

Orhan and Scott (2001: 247) conducted a study on why women enter into entrepreneurship and developed a model of women entrepreneurship motivation as seen in Figure 4.3. These authors divide women into several categories based on why they started their own businesses:

- Dynastic compliance (D) – Motivation to perpetuate a dynastic business such as a family business where succession occurs due to death of current owner or inability to continue running the business.
- No other choice (N) – Self-employment for women who could not find a job after having taken some time off from work, or who followed their partner to a different location.
- Natural succession (Na) – Either it was considered a natural progression into a family business, after having acquired the relevant education, or the business itself was created by the husband's technical expertise and the wife found it logical to assist with the start-up in a commercial and administrative position.
- Entrepreneur by chance (C) – Women who accepted the role of entrepreneur rather than seeking it, who were for example forced to take over a family business due to financial difficulty of owners or parents.
- Forced entrepreneur (F) – Women who want to leave their current jobs to start their own businesses but lack start-up finance and other resources and therefore start anything to put food on the table; they often continue to look for other opportunities to rebuild their finances.
- Informed entrepreneur (I) – Well educated in entrepreneurship and gain as much information as possible before starting their own business.
- Pure entrepreneur (P) – For this group, running their own business appeared as a natural development of their previous experience. Entrepreneurship appeared to be a professional as well as a lifestyle choice and pull factors are evident for this group.

Figure 4.3: Model of women entrepreneurship motivation



Source: Orhan and Scott (2001: 243)

The main elements of the model of women entrepreneurship motivation can be explained as follows:

- **Male domination** – A low education level and/or female-specific education or training such as clerical work or nursing;
- **Evolution of women** – Education at graduate level, in professional areas such as business, law, medicine and engineering;
- **Women's identity** – Education did not have a real impact on the orientation of the person. The person's activity showed a level of achievement and originality;
- **Environmental influence** – Three different features exist: the case of succession in a family business; the existence of role models in the close environment; and the reliance on a partner's (usually the spouse) expertise; and
- **Push and Pull factors** have already been discussed.

4.4 Comparison between men and women entrepreneurs in South Africa

Hisrich *et al.* (2005: 69) argue that although the characteristics of men and women entrepreneurs are generally very similar, women entrepreneurs differ in terms of motivation, business skills and occupational background. Factors in the start-up process of a business for men and women entrepreneurs are also different, especially in such areas as support systems, sources of funds and problems. Brush (1992: 5) mentions that women start their own businesses with the objective of “making a difference”, which means being more client-focused than men, ethical in operation and making a social contribution in addition to pursuing economic motives.

According to Barret (1995: 14), women in small business are keen to use sources of training and business advice and to act upon it, and place a higher value on such advice than men do. Stanger (2004: 471) further reports that women are more likely than men to consult multiple sources of advice at start-up. The author suggests that the willingness of female proprietors to acquire formal business skills and to develop non-formal management skills (such as networking and flexibility), which help in periods of company growth and development, may give them a competitive advantage over their male counterparts. Sandberg (2003: 410) argues that networking is both more critical to, and should be greater among, female entrepreneurs than male entrepreneurs. Irrespective of the precise nature of the influence which gender has upon networking it is clear that profound gender differences exist. As Brush (1992: 7) concludes: *“women are less welcome in social networks ... and are left out of those loops, meaning they do not have access to as much information. So social structures and the way that women socialise influence the human and social capital endowments with which they start their businesses”*.

There is evidence that there is a marked difference between male and female management values (Carter & Cannon, 1992: 20). Oliver (1996) in Sandberg (2003: 411) states that women measure their success qualitatively in terms of factors such as personal satisfaction, customer service ratings and additional employment created, while males tend to measure their success quantitatively in terms of market position, turnover and profitability. It is necessary to draw a contrast between male and female entrepreneurs to highlight the most important differences between these

two counterparts. The two tables below indicate the differences between male and women entrepreneurs based on their characteristics/needs and start-up factors.

Table 4.2: Characteristics/needs of male versus female entrepreneurs

Characteristics/Needs	Male entrepreneurs	Female (women) entrepreneurs
Starting a business	<ul style="list-style-type: none"> ❑ Male entrepreneurs have set the foundation in the business environment for women entrepreneurs to follow 	<ul style="list-style-type: none"> ❑ Latecomers to the entrepreneurial game. Some women are not aware of the fact that they can conduct business activities on their own
Type of business started	<ul style="list-style-type: none"> ❑ Traditionally manufacturing or construction ❑ 21st century service related – such as hairdressing and guest houses 	<ul style="list-style-type: none"> ❑ Traditionally service related – examples include guesthouses, coffee shops and catering businesses ❑ 21st century manufacturing and male-dominated services such as car service businesses
Relationship building	<ul style="list-style-type: none"> ❑ More short-term orientated. Male entrepreneurs search for the best way to get the job/deal done 	<ul style="list-style-type: none"> ❑ Women tend to build strong relationships with service providers, especially lenders such as bankers
Access to finance	<ul style="list-style-type: none"> ❑ Can be a barrier if the male entrepreneur does not have adequate collateral 	<ul style="list-style-type: none"> ❑ Seen as women entrepreneurs' most severe barrier. Discrimination is also prevalent when applying for finance. She must take her husband or male partner along to the

Table 4.2 continued University of Pretoria etd – Botha, M (2006)

Characteristics/Needs	Male entrepreneurs	Female (women) entrepreneurs
		bank when applying for financial assistance.
Support groups	<ul style="list-style-type: none"> ❑ Friends, professional acquaintances, colleges, business partners and spouse 	<ul style="list-style-type: none"> ❑ Spouse, network group or association for example The Business Women’s Association and family members

Source: Own compilation

Hisrich *et al.* (2005: 71) also tabulated the major differences between male and women entrepreneurs, which are summarised in Table 4.3. These authors focused on motivation, departure point (reason for starting a business) and the background of entrepreneurs.

Table 4.3: Comparison between men and women entrepreneurs when starting a business

Start-up factor	Men (male) entrepreneurs	Women entrepreneurs
Motivation	<ul style="list-style-type: none"> ❑ Achievement – striving to make things happen ❑ Personal independence – self-image as it relates to status though their role in the corporation is unimportant ❑ Job satisfaction arising from the desire to be in control 	<ul style="list-style-type: none"> ❑ Achievement – accomplishment of a goal ❑ Independence – doing it alone
Departure point	<ul style="list-style-type: none"> ❑ Dissatisfaction with present job 	<ul style="list-style-type: none"> ❑ Job frustration ❑ Change in personal

Table 4.3 continued University of Pretoria etd – Botha, M (2006)

Start-up factor	Men (male) entrepreneurs	Women entrepreneurs
	<ul style="list-style-type: none"> □ Sideline in college, sideline to present job 	circumstances
Background	<ul style="list-style-type: none"> □ Age when starting venture: 25 – 35 (USA) □ Father was self-employed □ College educated – degree in business or technical area 	<ul style="list-style-type: none"> □ Age when starting venture: 35 – 45 (USA) □ Father was self-employed □ Not always college educated – degree in liberal arts

Source: Adapted from Hisrich *et al.* (2005: 71)

Other differences can be noticed in studies comparing the performance of firms owned by men and women. These studies show that businesses headed by women tend to be smaller than those headed by men (Arenius *et al.*, 2005: 28). Normally, the smaller size is perceived as a problem and it is assumed that, if they could, women would want to expand their businesses as much as male entrepreneurs do. This perception has important consequences for women entrepreneurship, as women may have a harder time in obtaining external financing and, in general, credibility as business owners and managers. However, evidence is beginning to accumulate that men and women have different preferences with respect to start-up size which, in turn, depends on different managerial styles (Arenius *et al.*, 2005: 28):

- First, women forge relatively strong ties, while men forge relatively weak ties.
- Second, women form relatively egalitarian coalitions, while men forge relatively hierarchical coalitions. The hierarchical structure of male organisations allows them to create organisations that effectively monitor large numbers of people and that permit the rapid dispersal of information. The stronger ties of women organisations, on the other hand, reduce the need for monitoring and for systems of explicit incentives. This analysis suggests that men and women entrepreneurs will differ in the value attached to start-up size and to business expansion.

4.5 Barriers facing women entrepreneurs

Starting and operating a business involves considerable risks and effort for entrepreneurs, particularly in view of the high failure rate. Perhaps the risk is even higher for a woman entrepreneur, who not only has the problems associated with being in a traditionally male-dominated area but also often lacks education and training in this specific field.

It is imperative to note that it is believed that a person with the perseverance and drive to become an entrepreneur will be successful no matter what hinders him or her. The literature on women entrepreneurship suggests that, in terms of both entrepreneurial options (for example occupational choices) and entrepreneurial resources (for example sources of capital and training), women are more disadvantaged than men, and minority women are more disadvantaged than white women (Smith-Hunter & Boyd, 2004: 20). McClelland *et al.* (2005: 87) state that women confront a variety of challenges in developing and running a business, and many argue that significant barriers still remain for women establishing and growing businesses. Among these barriers are: difficulty of access to financial resources, lack of support, prevailing negative socio-cultural attitudes, sex discrimination or gender bias and personal difficulties (Valla, 2001: 2). A woman often also suffers from low credibility when dealing with the various stakeholders associated with her firm – such as suppliers, bankers or customers.

In a study conducted in South Africa, Allie and Human (1997: 8) found that although 72 % of micro-enterprises were owned by women, both internal and external barriers impacted on the success of these businesses. These barriers ranged from a lack of basic life-skills in women entrepreneurs (self-confidence; assertiveness; self-motivation; achievement-orientation; reliability and communication skills) through the virtual absence of mentorship opportunities, to a lack of marketing and basic holistic management training (Allie & Human, 1997: 8).

Bruni *et al.* (2004: 261) report on studies conducted in the majority of Western countries, where three main types of barriers against women entrepreneurs were identified:

- The socio-cultural status of women, which identifies the primary role of women with family and domestic responsibilities, reduces the credibility of women intent on setting up businesses in a variety of ways.
- The lack of access to networks of information and assistance, which are often the main source of information and contacts, but which equally often comprise more or less overt mechanisms of gender exclusion.
- The lack of access to capital; whether women entrepreneurs apply to an institutional financier, a friend, a relative or even their spouse, they are likely to come up against the assumption that “women can’t handle money”. Sometimes the removal of barriers may foster more and better entrepreneurship than any incentives.

The list of barriers faced by women entrepreneurs in particular is discussed further below.

4.5.1 Lack of access to financial resources

Wickham (2001: 71) mentions that access to capital is one of the main stumbling blocks preventing women from starting their own businesses in greater numbers. Brush (1992: 14) agrees and is of the opinion that financial aspects of venture start-up and management are without a doubt the biggest obstacles for women. According to Dollinger (1999: 217), women have difficulty getting financing partly because of discrimination. The author quotes Sharon McCollick who used: “*clawing your way to the top without nails*”, to describe the scratching at the doors of banks to secure financing for her now successful business. According to Arenius *et al.* (2005: 31), venture capitalists expect a funded venture to grow rapidly in term of sales and profits so that the venture capital firm can exit within a few years and benefit from the risk taken. Such a strategy may not fit with women’s more conservative approach to growth. Consistent with overall GEM results for both genders, in most of the countries, and regardless of per capita income level, the majority of women entrepreneurs provide all the required start-up capital themselves. Moreover, because personal assets are often shared with a spouse, they are more likely to be

asked for spousal co-signature, rather than personal assets (Walker and Joyner, 1999: 95). Obtaining start-up financing and credit (Schwartz, 1979; Pellegrino & Reece, 1982; Hisrich & Brush, 1984 and Neider, 1987), cash flow management in early operations (Hisrich & Brush, 1984 and Scott, 1990) and financial planning (Hisrich & Brush, 1984) are quoted by McClelland *et al.* (2005: 87) as being frequently noted as obstacles for women entrepreneurs.

Mattis (2004: 155) found that in recent years, women-owned business start-ups have received less than 2 % of available venture capital funds, especially in potentially lucrative new ventures in high-technology fields. Whereas men often list investors, bank loans, or personal loans in addition to personal funds as sources of start-up capital, women usually rely solely on personal assets, such as savings and credit cards. Hendricks (2001: 18) points out that another major problem could lie in the fact that most women who want to borrow money from banks do not have the necessary skills to formulate a professional business plan. Other studies on gender and business ownership have generated conflicting evidence on whether financing poses problems for women starting and running businesses. Sandberg (2003: 409), however, identifies four areas of the financing process that have consistently been noted as posing particular problems for women:

- Women may be at a disadvantage in their ability to raise start-up funds.
- Guarantees required for external financing may be beyond the scope of most women's personal assets and credit track record.
- Finance for ongoing business costs may be less available for female owned firms than for male enterprises, largely due to women's inability to penetrate informal financial networks.
- Women entrepreneurs' relationships with bankers may suffer from sexual stereotyping and discrimination.

4.5.2 Lack of support structures

Brindley (2005: 149) argues that during the women entrepreneurs' start-up phase the main source of support and assistance come from family and friends, which is trusted sources of help that women have previously experienced. Maharaj (1998: 16) argues that women generally have great difficulty in accessing training, credit, market

information and other forms of support to help them reach beyond such survivalist activities as street vending. Although support structures and organisations that can provide support to women entrepreneurs have been identified in section 4.2, many women still do not have access to these support structures or organisations.

Olson (2000: 34) argues that it is not the lack of entrepreneurship that has kept underdeveloped countries economically backward, but the lack of market-augmenting governments. The author provides a useful framework showing how a government could function in a market-augmenting, rather than a market-hindering way. A government that is not strong enough to enforce private contracts and protect property rights, or one that is too strong and tramples on them, can both create unsurmountable barriers to entrepreneurship. Hendricks (2001: 18) argues that there needs to be improved and decentralised access to information, training, finance, technology and business infrastructure, including the strengthening of networks between large and small enterprises.

4.5.3 Balancing business and family responsibilities

Women are not usually relieved of household responsibilities when starting a venture but remain the primary parent, emotional nurturer and housekeeper (Unger & Crawford, 1992: 23). Ljunggren and Kolveireid (1996: 3) agree and state that the differences between male and women entrepreneurs can be explained by the traditions of society and the persisting notion that women (more than men) carry the primary responsibilities of home and family. Depending on her stage of career progression, the woman entrepreneur might have had to adopt several roles as a result of changes in her family, business and personal life (Dyer, 1994: 8). According to Verwey (2005: 20), a serious handicap preventing women from realising their entrepreneurial potential is lack of reliable, affordable and conveniently situated day care facilities for children, operating on flexi hours to suit the entrepreneurial work situation of the mother. The influence of an entrepreneurial mother on a child's career choices is tied to the ways in which the entrepreneur's roles change over time and to the dilemmas and conflicts encountered at different stages of her life. Children of entrepreneurial mothers might have different experiences, based on whether the mother starts a business later in life when the children are grown or

whether she experiences the stresses of entrepreneurship and motherhood simultaneously.

According to Schindehutte, Morris and Brennan (2003: 96), there are multiple points at which the business and family interact, often creating tensions and destabilising family life. One study found that variables most impacting on the extent to which women entrepreneurs experience work-home role conflict are fatigue, difficulty in relaxing, inability to pursue personal interests and schedule conflicts/inflexibility. Women entrepreneurs develop various strategies to balance the roles of parent and entrepreneur. The allocation of time and energy to competing role demands is based on rational models of decision-making, gender-role congruence and the psychological importance of the two roles.

4.5.4 Gender discrimination and bias

According to Zabludovsky (2001: 356), women think the challenges depend not only on their training and their own attitude, but also on overcoming cultural and organisational barriers that are linked to the gender-based social structure in our societies.

The Oxford dictionary (2005) defines the term “discrimination” as distinguishing unfavourably; or the recognition of the difference between one thing and another, with synonyms such as: oppression, domination, and tyranny. Verwey (2005: 53) states that the first South African Convention for the elimination of all forms of discrimination against women defined discrimination against women as “any distinction, exclusion or restriction made on the basis of sex which has the effect or purpose of impairing or nullifying the recognition, enjoyment or exercise by women”. The first discrimination against South African women documented was in 1843 when a group of Afrikaner women demanded a political voice from the British Commissioner, Cloete. He reported that *“I endeavoured (but in vain) to impress upon them that such a liberty as they seemed to dream of had never been recognised in any civil society and that however much I sympathised in their feelings, I considered it a disgrace on their husbands to allow such a state of freedom”* (Walker, 1991: 10). A study was conducted by Van der Merwe (2002: 62) on women

entrepreneurs in South Africa and their perceptions and attitudes towards discrimination against them when they apply for financial assistance. Although the sample consisted of only 55 women entrepreneurs, it should be noted that 86 % of the women felt that they were being discriminated against.

On the issue of discrimination, Hertz's results (1987) in Birley (1989: 36) are particularly interesting. Fully 60 % of her respondents considered that to succeed, women had to be "better" than men – a better business person, more confident, and better at absorbing stress. Moreover, it is interesting to note that 40 % of Hertz's respondents felt that being a woman gave them a positive advantage over men. Marlow and Strange (1994: 182) state that women's experience of subordination colours and influences their motives. For men, self-employment is an individual response to an individual situation. For women, it is an individual response to the effects of group stereotyping, based upon presumptions arising from gender discrimination.

4.5.5 Lack of training and education

Worldwide, employment rates are much higher, and the gender gap lower, among women with a tertiary qualification (college or university) than among less educated women (Arenius *et al.*, 2005: 21). Although the gender gap is closing in some countries in primary and secondary schooling, women still lag behind men in some countries, especially in Africa and Southern Asia. In almost all economies for which information on illiteracy is available, women are more likely than men to be illiterate. Blenker, Dreisler and Nielsen (2003: 385) conducted a study on how entrepreneurship can be promoted, and found that information and education are problems for most women entrepreneurs. They argue that information could be disseminated to potential entrepreneurs and that courses on how to compile a business plan, on small business marketing or on the legal problems of starting a firm could help potential entrepreneurs to overcome the behavioural barriers. Stanger (2004: 465) found that the use of government services as a source of training and assistance by women was generally low, whereas professional sources of training and assistance were the ones most frequently used by women entrepreneurs.

In a recent study conducted by Mattis (2004: 158) it was found that overall the educational attainment of a group of women entrepreneurs was lower than for a group of high-level corporate businesswomen (Table 4.4). This finding may suggest another reason why women with considerable business experience, but lacking advanced degrees, especially MBAs, were pushed out of corporate careers into starting their own businesses, having no other alternatives.

Table 4.4: Educational attainment: women entrepreneurs and women executives

Educational Attainment	Women entrepreneurs	Women executives
	Percent (N = 650)	Percent (N = 461)
College or less	81 %	36 %
Master of business administration (MBA)	7 %	31 %
Other graduate school or degree	12 %	33 %

Source: Mattis (2004: 158)

O'Neill and Viljoen (2001: 41) conducted a study on how support, including training, could be improved for women entrepreneurs in South Africa. The authors' findings presented the following suggestions on how training could be improved for women entrepreneurs:

- There must be specially developed entrepreneurship development programmes.
- Training should be linked to services such as mentoring and after-care.
- Training must be skills- and sector-based.
- Training in life skills (planning and budgeting skills) for the less educated should be considered.

4.6 Training needs analysis of women entrepreneurs

According to De Faoite *et al.* (2003: 430), an important theme that has emerged from the literature of entrepreneurship training programmes is the failure of many programmes and initiatives to take on board the particular needs, the cultural, social and educational backgrounds of the entrepreneurs, in developing training and support systems. These authors agree that a prerequisite for training people is to understand them, their cultural values, historical experiences and mindset. As mentioned in Chapter 3, a failure to do so means that, in many cases, the training and economic development programme fails to assist those it was designed to help and educate. While, internationally, entrepreneurship programmes may have a common focus in terms of new business creation and the development of a business plan, there should be differences in emphasis depending on the particular needs of the participants, the country or the funding available (De Faoite *et al.*, 2003: 433).

Training needs assessment workshops are normally carried out prior to the actual commencement of training, on the specific group that is going to receive the training. Such a workshop was conducted by Kao and Choon Chiang (2000: 88) in China on 25 women entrepreneurs. As a result, four major areas of interest for women entrepreneurs were identified: marketing, finance/accounting, human resources development (including personnel management) and strategic business management. In the study conducted by Stanger (2004: 467) on women entrepreneurs in Australia, the type of training and assistance needed by women lay in financial management. These specific and other detailed findings are discussed below:

- The Western Australian Department of Employment and Training found the needs of women entrepreneurs were: business operations (60 %), expert advice on type of business (57 %) and management experience (52 %). Regardless of age, education, present employment and the presence of a partner, 48 % indicated they lacked confidence. Additionally, 43 % indicated that borrowing finance was a concern. For women with pre-school children, 44 % felt arranging childcare would be an issue.
- The most desired services for both men and women starting their own businesses were business training, access to expertise and a loan.

- For women operating a business, the Victorian Women's Consultative Council found that additional advice and information on financial management and industry-specific matters were required. Only 2 % stated that their training needs were currently being met. Meredith and Barrett (1994: 72) report that 78 % of women operators indicated assistance was required in financial management (including record keeping and cash flow), planning for the future and marketing and promotion (38 %). In comparison with men, women nominated more areas of assistance that were required.
- With regard to training and business assistance delivery mechanisms, the majority of women entrepreneurs prefer women-only training programmes and woman consultants and experts.
- Financing was also found to be important by Naffziger and Hornsby (1992: 184), who tested a number of hypotheses with a convenience sample of 311 intake forms of women business development clients in Chicago, USA. For start-up firms, they found the most important information and assistance needs were assistance in starting a new business (79 %), sources of financing (55 %), and advertising/sales promotion (36 %). For early growth firms, women's information needs were financing sources (69 %), advertising/sales promotion (56 %) and increasing sales (53 %).

It is evident from the above findings that the needs analysis for women entrepreneurs differs in various countries.

4.6.1 Training needs analysis of women entrepreneurs in South Africa

Van der Merwe and Nieman (2003: 54) conducted a study on 174 women entrepreneurs in 2003 to establish the areas where they required training. Probability sampling, more specifically stratified random sampling was used and the sample was unrestricted. One limitation of this study was the response rate (350 questionnaires were distributed of which 174 was usable, this represented a 50 % response rate. The demographic profile of the women entrepreneurs is set out in Table 4.5.

Table 4.5: Demographic profile of sample

Variable	Frequency	Percent
Age		
20 – 29 years	25	14
30 – 39	44	25
40 – 49	62	36
50 – 59	25	14
60 years and older	8	5
Did not respond	10	6
Total	174	100,00
Education		
Less than matric	16	9
Matric (Grade 12)	50	29
National Diploma (3 years)	40	23
Baccalaureus (or Bachelor's) degree (3 years)	21	12
B Tech degree (4 years)	11	6
Honours degree	19	11
Master's degree	10	6
Doctor's degree	5	3
Other (industry related training)	1	0.50
Did not respond	1	0.50
Total	174	100,00
Home Language		
Afrikaans	30	17
English	75	43
Zulu	15	9
Xhosa	34	20
Sotho	6	3
Tswana	3	2
Tsonga	1	0,50
Mandarin	1	0,50
Did not respond	9	5
Total	174	100,00

Table 4.5 continued University of Pretoria etd – Botha, M (2006)

Variable	Frequency	Percent
Marital status		
Never married	30	17
Married: In community of property	42	24
Married: Out of community of property	59	34
Divorced	24	14
Widowed	9	5
Living together	9	5
Did not respond	1	1
Total	174	100,00
Race		
Black	68	39
Coloured	10	6
Indian	8	5
White	84	48
Other	2	1
Did not respond	2	1
Total	174	100,00

Source: Van der Merwe and Nieman (2003: 54)

The respondents' ownership of business and form of business are set out in Table 4.5. The most important findings can be summarised as follows:

- 44 % of the respondents operated as sole proprietor business owners.
- 32 % of the respondents operated as close corporation business owners.
- 35 % of the respondents' businesses fell into the R250 000 - R2 million category.
- 30 % of the respondents' businesses were 3 - 5 years old.
- 71 % of the respondents stated that their businesses fell into the service sector.

Table 4.6: Respondents' business information

Variable	Frequency	Percent
Form of business ownership		
Sole proprietor	76	44
Partnership	21	12
Close Corporation	56	32
Company	12	7
Other: Trust	7	4
Did not respond	2	1
Total	174	100,00
Annual sales/turnover		
R1 - R250 000	83	48
R250 001 - R2 million	61	35
R2 million - R5 million	15	9
R5 million - R10 million	4	2
R10 million – R50 million	9	5
Did not respond	2	1
Total	174	100,00
Age of business		
0 - 2 years	43	25
3 - 5 years	53	30
6 – 10 years	34	20
10 plus	32	18
Not indicated	12	7
Total	174	100,00
Sector of business		
Service	123	71
Retail	35	20
Wholesale	11	6
Manufacturing	2	1
Construction	1	1
Marketing and advertising	2	1
Total	174	100,00

Table 4.6 continued University of Pretoria etd – Botha, M (2006)

Variable	Frequency	Percent
City /town where head office/main business is situated		
Pretoria	38	22
Durban	35	20
Johannesburg	23	13
Port Elizabeth	45	26
Cape Town	27	16
Bloemfontein and Mpumalanga	6	3
Total	174	100,00

Source: Van der Merwe and Nieman (2003: 57)

4.6.1.1 Specific training needs of women entrepreneurs

Table 4.6 specifies the type of training needs and services that women entrepreneurs stated they would like from various support organisations and structures.

The results were:

- 73 % of the respondents stated that they wanted to have guidance on how to compile a business plan.
- 77 % of the respondents reported that they wanted organisations to provide guidance on market research on various business and market opportunities for women.
- 74 % of the respondents emphasised that they would like to receive advice and guidance on marketing and advertising.
- 68 % of the respondents reported that they wanted entrepreneurial training and education in the form of “how to start/grow your own business” programmes.
- 80 % of the respondents stated that they would like to receive guidance and advice on financial and cash flow planning for business owners.
- 71 % of the respondents reported that they would like to make use of empowerment and enrichment programmes for women.

- 83 % of the respondents stated that they wanted to receive networking opportunities for them as women, for example the Business Women’s Association, sponsored by Nedbank.
- 74 % of the respondents suggested that they would like to have a relationship-building programme, including mentoring, counselling and advice on managing a business.
- 86 % of the respondents wanted a training programme that included risk management and tax advice.

Table 4.7: Targeted training needs of women entrepreneurs

Variable	Request training	Frequency	Percent
1. Compiling a business plan	Yes	127	73
	No	25	14
	Did not indicate	22	13
	Total	174	100,00
2. Market research	Yes	134	78
	No	20	11
	Did not indicate	20	11
	Total	174	100,00
3. Cash flow and financial planning	Yes	140	81
	No	20	11
	Did not indicate	14	8
	Total	174	100,00
4. Marketing and advertising	Yes	128	74
	No	28	16
	Did not indicate	18	10
	Total	174	100,00

Table 4.7 continued University of Pretoria etd – Botha, M (2006)

Variable	Request training	Frequency	Percent
5. Entrepreneurial (business) training and education	Yes	118	68
	No	32	18
	Did not indicate	24	14
	Total	174	100,00
6. Empowerment/enrichment programmes for women	Yes	123	71
	No	29	16
	Did not indicate	22	13
	Total	174	100,00
7. Network opportunities	Yes	145	83
	No	17	10
	Did not indicate	12	7
	Total	174	100,00
8. Mentoring to manage the business	Yes	115	66
	No	29	17
	Did not indicate	30	17
	Total	174	100,00
9. Risk management	Yes	132	76
	No	21	12
	Did not indicate	21	12
	Total	174	100,00
10. Business counselling and advice	Yes	129	74
	No	23	13
	Did not indicate	22	13
	Total	174	100,00

Table 4.7 continued University of Pretoria etd – Botha, M (2006)

Variable	Request training	Frequency	Percent
11. Tax advice	Yes	149	86
	No	16	9
	Did not indicate	9	5
	Total	174	100,00
12. All of the above	Yes	91	52
	No	21	12
	Did not indicate	62	36
	Total	174	100,00
Respondents prepared to pay for training provided on the above topics	Yes	116	67
	No	55	32
	Did not indicate	3	1
	Total	174	100,00

Source: Van der Merwe and Nieman (2003: 62)

From the above findings (Table 4.7) the need that women entrepreneurs require entrepreneurial training on various areas and topics, of which financial aspects were the most highly rated, are identified. It should also be noted that the respondents could choose more than one variable. As already mentioned this need is also supported in other studies (Arenius *et al.*, 2005: 13; Birley, 1989: 32; Kao & Choon Chiang, 2000: 88; Meredith & Barrett, 1994: 72; and Stanger, 2004: 467).

4.7 The need for women entrepreneurship training programmes

The needs analysis has highlighted the most significant training areas that should be included in an entrepreneurship training programme. It has further indicated that

there is a need for training programmes designed specifically for women entrepreneurs. Birley (1989: 32) indicated that in the UK in 1989, in the education sector alone, many “Start-your-own-business” programmes were designed for students, for the unemployed, for managers, for ethnic minorities and for women. The rapid growth in this segment has, however, been based on research which has drawn evidence almost entirely from male entrepreneurs. According to Arenius *et al.* (2005: 13), the main policy implication provided by the GEM 2004 Global Report is that, when it comes to entrepreneurship, “one size does not fit all”. In order to be effective, many policies with respect to entrepreneurship need to be tailored to a country’s specific context and, perhaps, even to that of sub-national regions. This is particularly important for women since they tend to be much more sensitive than men to conditions in their local environment. That said, there are universal best practices that address the need for reforming the social entrepreneurial environment. Eliminating barriers to competition, reducing regulator burdens, and providing more efficient services for new and developing businesses will benefit all individuals interested in starting a business.

According to Stanger (2004: 464), while there are no clear determinants of entrepreneurship success or failure, a cluster of factors are correlated with success, including prior experience in the industry, finance and management skills and networking. Women’s more general educational background and traditionally limited relevant prior work experience is likely to have limited their opportunities to accrue the necessary experience and skills associated with entrepreneurship success. Therefore, women contemplating, starting and operating a small business are likely to be in greater need of training and business assistance. The GEM report of 2004 on Women and Entrepreneurship concludes that support policies by themselves are not sufficient to increase women’s involvement in entrepreneurship. Mentoring and network support, especially at the local level, are at least as crucial in boosting women’s attitudes to business leadership and new venture creation. Regardless of per capita income, some of the most successful policies and programmes worldwide are those able to increase women’s awareness about entrepreneurship and provide them with role models and networking possibilities (Arenius, *et al.*, 2005: 13). There is a need to instil fundamental aspects of the entrepreneurial mindset and to increase the attractiveness of entrepreneurship as an income-producing activity for women.

Carter (2000: 331) states that not only is there a need to widen access and accommodate typically female experiences within start-up programmes; there is also a need to amend the content of these programmes to address the weaker financial position that many women start from. Research has shown that women not only have fewer financial resources than men, but they are also more reluctant to take on large sums of debt when starting a business. Adhikary and Rai (1999: 74) state that any intervention to promote women entrepreneurship should look at the overall “gender” consequences at a macro level rather than addressing the gender problem at only the micro or the business level.

There are several women training programmes worldwide, focusing on industry-specific sectors such as (Blisson & Nelson, 2004: 2):

- The United Nations Industrial Development Organisation executed a training programme on training the trainers and women entrepreneurs in food processing, piloted in five provinces of Northern Vietnam from 1996-1999.
- An educational programme to encourage women’s entrepreneurship was organised in India in 2004 on beauty culture and health care and how to make their own products.
- The Women’s Business Development Agency has been in existence in the West Midlands region of the UK for over twelve years. The organisation provides business counselling, advice, guidance, training and support to women, predominantly from black and minority ethnic groups, women from low income households and other women who are either economically or socially disadvantaged.
 - The agency successfully attracted funding for its project, called ‘Bridge over troubled waters’ in 2001. The ‘Bridge’ Project was based upon the premise that fewer women than men start businesses in the UK and that there are fewer existing businesswomen than men.
 - Another innovative approach was the development of the Women’s Empowerment Programme. This programme is a series of training events, specifically designed and delivered for women by women. Material was developed and is relevant to women’s lives, with case-study experience, guest visits from businesswomen and female business professionals. The trainers and staff supporting the programme have all had businesses

themselves, which also helps to give them credibility with the female participants.

Research undertaken by Blisson and Nelson (2004: 15) on training programmes for women entrepreneurs highlighted that:

- High-quality business counselling is needed, which includes counsellors being trained in equal-opportunity training and specifically in methods and approaches for dealing with women clients.
- Confidence building should form the core of a foundation course for women's start-ups.
- Women would benefit from in-depth business mentoring, particularly during the early development stages of running their businesses.
- Women mid-life changers are increasingly starting businesses but find it difficult to raise finance at start-up and lack financial management skills. These women require business planning assistance and help with approaching banks and other funding agencies.
- Business advice and training should be offered with the provision of childcare facilities and/or at times when children are in schools or nurseries.

Stanger (2004: 471) adds that available training programmes for women entrepreneurs should:

- Be provided in a woman-oriented way, such as single-sex training and an increase in female counselling staff. However, training offered on an individual rather than group basis may deny women the possibility of confidence building through the sharing of ideas, networking and brainstorming possibilities.
- Avoid content-based barriers such as courses pitched at a level which ignores women's generally less relevant educational background and limited prior work experience.
- Avoid structure-based barriers such as intensive two week full-time courses that do not fit in with women's family commitments.
- Take into account the diversity of needs across background skills and training, industry sector, stage of business development, size of business and goals for the business. Most business training and advice schemes for women proprietors

focus on the start-up phase. There is an identified need for services which aid the consolidation of existing firms, such as joint marketing and product development and the development of regional and industry-based networks.

4.8 Conclusion

Any government interested in boosting economic prosperity should be interested in promoting the entrepreneurial dynamic of its country. Adult women represent a readily available pool of potential entrepreneurs that countries in various stages of development, with different demographic patterns and different labour force conditions, can leverage to improve their economies.

Verwey (2005: 37) states that although much women entrepreneurship in low-income countries such as South Africa is motivated by necessity, starting a new business represents an effective and flexible way for women from all groups to emancipate themselves and provide for their families. A women entrepreneurship programme should include the following areas of importance: financial assistance, management assistance and training as well as networking, mentoring and counselling. Stanger (2004: 471) agrees that business advice and training should ensure that they cater for those areas of business most often undertaken or needed by women entrepreneurs, i.e. financing/financial management, marketing and promotion and confidence building.

This chapter has highlighted the literature on women entrepreneurs in South Africa and elaborated on the barriers they face. Women entrepreneurs were compared and contrasted with male entrepreneurs. A training needs analysis was done on women entrepreneurs, and the areas of importance in the findings are highlighted in this chapter. The final section of this chapter emphasised the need for women entrepreneurship training programmes and provides the theoretical framework for Chapter 5.