

**PROFILING AND IDENTIFYING CHALLENGES FACING WOMEN IN SMALL
BUSINESS IN CAPRICORN DISTRICT MUNICIPALITY**

PRESENTED BY: TSHILIDZI GRACE MATHAPO



**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTERS IN BUSINESS
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SUPERVISOR: DR. LJ BEYERS

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DECLARATION

I declare that profiling and identifying challenges facing women in small business in Capricorn District Municipality submitted to the University of Limpopo for the degree of Masters in Business Administration has not been submitted by me for a degree at this or any other University. It is my work in design and in execution and all material contained herein has been duly acknowledged.

Signature _____

TG Mathapo

Date



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ABSTRACT

Governments worldwide have acknowledged the impact of Small, Micro and Medium (SMME) organisations on job creation, improvement of people's standards of living and hence an overall impact on the economy. Women are playing an important role in contributing to countries' economic development and better governance, and the well-being of their communities and households. In March 2007, about 45% of women were owning and managing a business. In a country like South Africa with a high unemployment rate a provision of better opportunities for women could lead to improvements in poverty reduction and accelerated economic growth.

However in South Africa women involvement in entrepreneurship has remained constant despite a number of initiatives by the government. The existence of gender-related barriers thwarts the economic potential of women as entrepreneurs and workers. Such barriers have an adverse impact on enterprise development, productivity, and competitiveness in the economy. Consequently, addressing gender-specific barriers and other challenges to entrepreneurship and leveraging the full participation of women in the development of South Africa together represents a significant opportunity to unleash productive potential and to strengthen economic growth. It is therefore important to understand the environment in which these women operate and the challenges they face.

The literature indicates that despite significant progress in creating an enabling environment for SMMEs, much work remains, with a majority of enterprises remaining in the nascent and 'baby business' phases (less than 3.5 years in existence). Research by the Global Entrepreneurship Monitor (GEM) suggests that the survival rate for start-ups in South Africa is low and that the opportunity for

entrepreneurial activity is the lowest of all the reviewed developing countries (Allen et al, 2007:8; the DTI, 2008:48)

A quantitative study design was employed for this project. A closed-ended questionnaire was sent out, focusing on women in small business in Capricorn District Municipality as a unit of analysis. Capricorn District Municipality has one thousand four hundred 1400 registered women business. One-hundred-and-fifty (150) questionnaires were sent out to the respondents and fifty two (52) questionnaires were returned.

The research findings indicated that 29% of the women sought advice from business development services and from local business support centre respectively. While 23% of the women sought advice from business women association and 17% sought advice from other sources. 27% of the women indicated lack of business skills as the main stumbling block in the establishment of business while 23% indicated that they encountered inadequate access to finance and credit facility as the main problem of starting business.

Most of the women consulted were from small and micro-enterprise, the writer could not get their views of the experiences in other sectors. The other challenges were that the sample was relatively small due to difficulties experienced in getting the number of women in small business in the Capricorn District Municipality.

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CHAPTER 1

INTRODUCTION AND OVERVIEW OF THE STUDY

1.1. INTRODUCTION

Small businesses and entrepreneurship play a vital role in any economy. It is generally believed that most innovations come into existence in small businesses which are generally more open to new ideas and experimentation. The South African government is committed to uplifting women entrepreneurs. In his speech, the minister in the presidency Dr EG Pahad (2006) used the following words “We must be careful not to confine women entrepreneurs to the second economy, for in doing so we will be reinforcing male domination of the first economy. Part of our transformation project requires us to close the gap between the two economies and to increase the participation of women as entrepreneurs and as decision makers in the first economy as well.”

By their very nature, small businesses tend to be labour intensive, which is good for developing economies like South Africa where unemployment is a huge problem. According to Statistics South Africa¹, while the South African economy increased at an annual average of just over 5 per cent from 2005 to 2007, the unemployment rate remained stubbornly over 20 per cent. Clearly, there has to be a change in the strategy to create jobs and alleviate the social ills that goes with it. Supporting small businesses and entrepreneurs with their job creating capacity will some how help towards achieving that. Evidence from around the world suggests that creating

an enabling environment for small, medium and micro enterprises (SMMEs) to survive and thrive has enormous positive effects on the economy as a whole. Through SMMEs historically disadvantaged communities can become active agents in the economic transformation process in as sector that is labour intensive and creates gainful employment. Evidence also suggests that empowering women as entrepreneurs in both urban and rural environment, retail, industrial, service and agricultural sectors is an important strategy in the fight against poverty and unemployment (Hendriks 2003:8).

In her speech at the commonwealth international conference Mmabatho Matiwane said economically successful nations use their resources to the maximum capacity and human capital is the most important resources. Women contribute over half of the population, hence they are the one resource that needs to be brought into the economic mainstream. The South African government and the Department of Trade and Industry (DTI) are committed to the inclusion of women in the economy (Matiwane, 2003:3).

The birth of democracy has also opened new doors for women in South Africa, by allowing them to enter the mainstream economy through the availability of various business opportunities. Today the average company turnover of small to medium enterprise owned by South African women has been estimated to be approximately 1, 5 million rand per annum (Matiwane, 2003:3). However, there is still a need for more women to enter the market.

Even though the government has recognised the role that women play in the economy, there is a need to understand their characteristics and the environment in which they operate. Hence, this study is aimed at identifying and profiling the challenges facing women in the Capricorn District Municipality.

1.2. Problem statement

As far as can be determined, limited research has been conducted in the Capricorn District Municipality to profile and identify challenges facing women in SMMEs. Thus, this research will aim to profile and identify all challenges facing women entrepreneurs in Capricorn District Municipality.

1.3. Research Questions

The following research questions apply to the study and will guide the progression of the project and its ultimate outcomes:

- What are the demographic and socio-economic characteristics of the women involved in small businesses?
- What are the challenges facing women entrepreneurs in Limpopo?
- How can these challenges be addressed?
- What are the recommendations for improving the situation of women in small businesses?

1.4. The aims and objectives of the study

According to Struwig & Stead (2004:35) the objective or aim delineates (describes) the scope of the research effort and specifies what information needs to be addressed by the research process.

1.4.1. Main Aim

The aim of the study is to profile women in small business in Capricorn District Municipality and investigate challenges facing them. The profiling of women and the challenges they experience are discussed in chapter 2 to advance the aim of the study. The categorization of what constitutes small business and some examples are also referred to in chapter two.

1.4.2. Objectives of the study

In an attempt to achieve the aim of the study as indicated above, the objectives of the study are recorded as follows:

- To describe the characteristics of women involved in business
- To examine the contextual influences on their work
- To evaluate the external challenges faced by women in small business in Capricorn District Municipality. The external factors in this study include, regulations, taxation, competition and technology
- To evaluate the internal challenges faced by women in small business in Capricorn District Municipality. The internal factors include finance, labour, cash flows and managerial issues.

1.5. Significance of the Study

The study is significant as it focuses on women entrepreneurship that will impact on the development of Limpopo, i.e. employment creation and poverty reduction. The results are expected to be advisory to policy makers within the provincial government of Limpopo,

corporate sectors, non-governmental organisations (NGOs) and the community at large. It can aid government to solve problems such as poverty and unemployment. Such knowledge can also aid in improving and supporting SMMEs.

Research Design and Methodology

The following section describes the research methods and designs for the study

1.6.1. Research methodology

Research methodology refers to the methods, tools, techniques, and procedures used in the process of implementing a research design (Babbie & Mouton, 2001: 74-75). The intended study's research methodology will be as follows:

1.6.2. Study area

The study area will be the Capricorn District Municipality which is the third largest district economy in Limpopo Province.

1.6.3. Population

The population for this study is the registered 1 400 women in small business in the Capricorn District Municipality.

1.6.4. Sample size and selection method

A non-probability sampling design which is both purposive and convenient was used to select the participants. This method was chosen because it uses the most convenient available individuals or objects, and they can be used to advantage in certain limited instances (Polit & Hunger 1998: 257 – 260, Brink 1996:140).

1.6.5. Data Analysis Methods

The data was sorted, organized and coded to ensure accuracy in entering it into Microsoft Excel spreadsheet. The demographic data was coded first followed by the other sections as it appears in the questionnaire. The data is presented in tables and graphs.

1.6.6. Ethical consideration

To ensure that the identities of participants remain anonymous, personal data is kept confidential and their right to privacy is maintained, pseudonyms will be assigned to various participants.

1.7. Chapter Overview

- Chapter 1: Introduction and orientation to the study
- Chapter 2: Literature review
- Chapter 3: Research Design, Methods and Data Presentation
- Chapter 4: Findings and Discussion
- Chapter 5: Summary, conclusions and recommendations of the research

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

Governments worldwide have acknowledged the impact of Small, Micro and Medium (SMME) firms on job creation, improvement of people's standards of living and hence an overall impact on the economy (Tambunan, 2009:1). However, not all SMMEs are experiencing positive impact because not all small businesses started have been successful. According to Jocusen (2004:659) small businesses are generally "plagued by high failure rates and poor performance levels". Successful entrepreneurial ventures strive on innovation in products, processes or practices. Strategic planning is also part of success of any entrepreneurial venture because it involves putting in place systematic procedures that will be adopted by all stakeholders involved in the entrepreneurial venture to achieve set goals.

United Nations experts shared the view that gender equality is not only a fundamental human right, but a crucial factor in generating poverty reduction, economic growth and development. The significance of gender equality for social and economic development was highlighted in Millennium Development Goal (MDG) Three (3). Women are an emerging economic force that policymakers cannot afford to ignore. Women played an important role in contributing to countries' economic development and better governance, and the well-being of their communities and households. The provision of better opportunities for women have led to improvements in poverty reduction and accelerated economic growth (UN, 2003: 7)

Women's entrepreneurship had been recognized as an important source of economic growth. Women created new jobs for themselves and others, and they provided the society with different solutions to management, organization and business problems, as well as to the exploitation of entrepreneurial opportunities. Studies indicated that up to 40–50 per cent of small enterprises and micro enterprises (SMMEs) in developing countries were owned and run by women (UN, 2003:12).

In Africa, entrepreneurship is generally low; the challenges faced by women in this area are even greater. This trend is changing slowly. In recent years, Africa has observed the phenomenal growth of the informal and the micro, small and medium enterprise sectors, much of it driven by women. However, the equal rights of women and their equal participation in the social, cultural, economic and political life have remained illusive. Women are still the main victims of poverty, social prejudice, lack of access to health services and education (ILO, 2007:1).

2.2 Women Entrepreneurship in South Africa

The genes that create us humans have programmed us for business. Trade , technology and the division of labour , the three foundations of business, all predate agriculture, government , religion , law symbolic communication, and probably every other organizing social force except the nurturing of progeny. These “business genes” seem to be distributed among women in a social scale (Taylor & Newcomer, 2005:17).

According to DTI report although women active population is smaller than the male counter parts, the proportion of owning business is the same, women (11.3%) and men (11.5%). In the informal sector women represents 12% of the economic active population while men represent

9%. 60% of women are represented in agriculture, hunting, forestry, fishing, 60% are social and personal services while 57% are in manufacturing.

Literature on women involvement in business reports that with respect to entrepreneurship, there are different types of women entrepreneurs, namely the traditional, innovative, domestic and radical. The *traditional* women business owners are highly committed to entrepreneurial ideas, as well as to conventional gender roles. The *innovative* women business owners are highly committed to entrepreneurial ideas and not to traditional gender roles. *Domestic* women business owners are not committed to entrepreneurial ideas but have a high attachment to entrepreneurial ideas or to traditional gender roles. *Radical* women business owners have little commitment to entrepreneurial ideas or to traditional gender roles; these women cannot be seen as entrepreneurial venture seekers. They are usually young, without children and well educated, but have limited work experience (Nieman et al., 2006:35).

While the types of business women are explained above, their characteristics are as follows; Career orientation and experience; age marital and maternal status; Education; Racial/ethnic identities; work family linkages.

South Africa has made some gains in respect of the participation of women in SMMEs - in March 2007, about 45% of women in South Africa were owning and managing businesses (up from 24% in March 2005). In March 2007, about 45% of women were owning and managing businesses. It is clear that the share of female entrepreneurs is far higher in the informal sector than in the formal sector (52% versus 31% in March 2007). The share of female business owners in the formal sector, however, has increased since March 2005, when it was 24% (the DTI, 2008:72).

2.3 The enabling environment for women entrepreneurs

All businesses including micro, small, medium and large – require a conducive and enabling environment comprised of supportive policies, laws and regulations. Similarly, enterprise support projects and programmes require consistent support from the enabling environment if they are to be effective (Richardson et al, 2004:24). In fact, South Africa has been at the forefront of developing pro-SMME policies (Rogerson, 2004:765).

The policy instruments that are intended to positively impact on the SMME sector span the entire breadth of economic and social policy. Apart from the national SMME development programme articulated in the Integrated Small Enterprise Development Strategy, provincial SMME policies, skills development policy, sector development strategies (i.e. sectoral differentiated industrial policy) all have significant SMME development components (the DTI, 2008:104).

The Integrated Small Business Development Strategy of 2005 released by the Department of Trade and Industry identifies a number of institutions that have important roles in the implementation of the strategy (the DTI, 2005). One of these institutions is The Small Enterprise Foundation (SEF) which was established in 1992 to provide small loans to the very poor and unemployed people of rural Limpopo, using group-lending methodology. The methodology of group-lending closely follows the one pioneered by the Grameen Bank of Bangladesh. The SEF uses two operational streams:

- the Micro Credit Programme
- Tshumisano Credit Programme.

The literature indicates that despite significant progress in creating an enabling environment for SMMEs, much work remains, with a majority of enterprises remaining in the nascent and 'baby business' phases (less than 3.5 years in existence). Research by the Global Entrepreneurship Monitor (GEM) suggests that the survival rate for start-ups in South Africa is low and that the opportunity for entrepreneurial activity is the lowest of all the reviewed developing countries (Allen et al, 2007:8; the DTI, 2008:48).

2.4. Challenges facing women entrepreneurs

The general impression about the women entrepreneurs across the world is also changing slowly. A World Bank study in 2007 – “The Environment for Women's Entrepreneurship in the Middle East and North Africa” has shown that there is very little difference between male and female-owned firms in the Middle East and North Africa (MENA) (World Bank, 2007a:1). However, despite these women similar characteristics and performance, the study reports that that women's entrepreneurship in the region is not reaching its potential, despite an investment climate that is "much less gendered than suspected" (Islam, 2009:3). Major challenges facing women in business include financial capital requirements and cumbersome bureaucratic and legal procedures for starting and exiting a new business (World Bank, 2007b:1; Islam, 2009:3). Other impediments for women are societal, cultural, and religious attitudes. In revitalizing economies they may also face intractable infrastructure problems (Jalbert, 2000:25).

Key issues facing new and growing women-owned enterprises in the United States include access to capital, access to information, and access to networks (Ayadurai, 2006:4). In Korea, women business owners experience financing and the effort to balance work and family as their most difficult tasks (Ayadurai, 2006:4), Indonesian women entrepreneurs on the other hand, can be attributed to a number of factors (Tambunan, 2009:1). First, low levels of education and lack

of training opportunities which made Indonesian women severely disadvantaged in both the economy and society. Second, heavy household chores place demands on women. Women have more children, and they are more demanded to do their traditional role as being responsible for housework and child care. Third, there may be legal, traditions, customs, cultural or religious constraints on the extent to which women can open their own businesses. Marital status also plays an important role in the women's choice of job. Fourth, lack of access to formal credit and financial institutions (Tambunan, 2009:6-7).

Lee-Gosselin & Grise (1990:423) found that in general, the most common start-up problems seemed to be lack of capital. Also important was lack of confidence in female business owners' abilities on the part of banks, suppliers, and clients alike, as well as family issues. Additional problems, such as marketing and labour difficulties and disagreement with associates, may arise after the start-up phase. In an earlier study, Stoner et al. (1990:30) found that the work-home conflict – the tension caused by the dual responsibility of managing a business and maintaining a family to be the main stumbling block for female business owners. In a study by Barwa (2003:6) on women entrepreneurs in Vietnam, the author found that women face additional handicaps due to the prevailing social and cultural gender-based inequalities and biases.

For instance, the barriers that women entrepreneurs face in accessing credit from formal institutions is magnified in view of their limited access to formal education, ownership of property, and social mobility. Other aspects of unequal access to opportunities and markets include business experiences, limited knowledge of marketing strategies, weak business associations, lack of networking facilities, and poor access to education and training programmes. In a study by Karim (2001: 27) on women entrepreneurs in Bangladesh, financial problems were the most common problems faced by their women entrepreneurs. Inadequate

financing was ranked first, particularly so in rural areas and among small economic units (fewer than 5 workers), all the more so with those located in the household and unregistered sectors. Competition, obtaining quality raw materials, and balancing time between the enterprise and the family were ranked as major start-up problems.

In Uganda (UNIDO Document, 2003:19), women entrepreneurs in rural areas suffer from a lack of training and advisory services that would allow them to upgrade their managerial and technical skills and solve immediate production problems, thus improving productivity and increasing profitability. In Uganda, where more than 70 percent of enterprises employ less than 20 people, micro- and small enterprises play an important role in the economic and social life of the majority of citizens. However, the growth and the competitiveness of this sector are hampered by a lack of managerial and technical skills, weak infrastructure, difficulties in accessing loans, and complicated company registration processes.

In Rwanda, a post-conflict area, women entrepreneurs' immediate needs for sustaining the family mount tremendously when the supply of goods and services ceases and traditional community help schemes collapse due to the restricted mobility and security. It was necessary to restore women's self-help initiatives and increase their business potential, especially in small food processing. Women entrepreneurs in Morocco faced a lack of operational and managerial skills resulting in low productivity and competitiveness. Cultural constraints are an additional obstacle that inhibits the efficient conduct of business for women. Inefficient production mechanisms and a lack of managerial skills resulted in a loss of productivity and income for the women entrepreneurs (UNIDO Document, 2003:24). In Kenya, women entrepreneurs see the establishment of a productive business as a means to improve their status in society as well as their family's standard of living and to serve their community by creating employment opportunities. However, due to a lack of technical skills, confidence, strong individual

involvement and the willingness to take risks, women are often unable to establish and sustain successful businesses (UNIDO Document, 2003:30). A study by Richardson et al. (2004:65); on women entrepreneurs in Africa reveals that many women entrepreneurs in Africa feel they lack abilities, skills and expertise in certain business matters. Many of the issues mentioned appear to relate to women's relative lack of exposure to the world of business. In addition to this lack of exposure, women's business networks are poorly developed as social assets.

This in turn impacts on a range of factors that adversely affect the women entrepreneurs at all levels. It is grounded in women's gendered experiences of education and work and, due to the demands of their reproductive and household roles, their lack of key dedicated "time" to be able to explore and nurture their own resources. Their access to the essential abilities, skills and experiences for business is also adversely affected by various constraints on their mobility, often due to their dual (household) and triple (community) roles and responsibilities. In a more general way, society's views are largely negative about women entrepreneurs who associate and network with others in businesses. Women entrepreneurs of Africa also face constraints and barriers to obtaining money to start and grow their own business. Women's inexperience of negotiating with the banks and their lack of financial confidence to argue for what they are entitled to, are some of the problems they face in obtaining loans. Hookingsing and Essoo (2003:16) identified four main obstacles faced by women entrepreneurs in Mauritius: a) the hassle of getting permits; ii) the lack of market; iii) the ability to raise capital; iv) not being taken as seriously as men. Several national and international reports have pointed out that enterprise creation is hampered by a number of administrative procedures in Mauritius.

2.5. The Small Business Sector in South Africa

Small business can be defined as a separate and distinct entity, including co-operatives enterprises and non-governmental organisations, managed by one owner or more which including its branches or subsidiaries, if any is predominantly carried on in any sector or sub sector of the economy. It can be classified as micro, very small, small or medium enterprises following a complex set of threshold as defined in the National Business Amendment Act of 2003 and 2004.

Micro-enterprises are very small business, often involving the owner and some family member(s) and that the most one or two paid employees. They usually lack formality in terms of business licences, value added tax (VAT) registration, formal business premises, operating permits and accounting procedures (South African Government 1995: 8- 10).

Small enterprise contributes the bulk of established businesses, with employment ranging between 5 and 50. The business is usually managed by the owner or by the community. They usually have offices and they pay tax. Classification in terms of assets and turnover is difficult, given the wide differences in various business sectors like retailing and manufacturing (South African Government 1995: 8 – 10).

Medium enterprise - it constitutes a category difficult to demarcate vis- a'- vis the small and big business categories. It is still viewed as owner/manger controlled. It usually has 200 or more employees and capital assets of R 5 million (South African Government 1995:8 -10). The table below indicates:

Sector or sub sector in accordance with the standard industrial classification	Site or class	Total full-time equivalent of paid employees	Total Turnover(Rm) (Less than)	Total gross asset value (fixed property excluded) (Rm) (less than)
Agriculture	Medium	100	5.00	5.00
	Small	50	3.00	3.00
	Very Small	10	.50	.50
	Micro	5	.20	.10
Mining and Quarrying	Medium	200	39.00	23.00
	Small	50	10.00	6.00
	Very Small	20	4.00	2.00
	Micro	5	.20	.10
Manufacturing	Medium	200	51.00	19.00
	Small	50	13.00	5.00
	Very Small	20	52.00	2.00
	Small	5	.20	.10
Electricity ,Gas and Water	Medium	200	51.00	19.00
	Small	50	13.00	5.00
	Very Small	20	5.10	1.90
	Small	5	.20	.10
Construction	Medium	200	26.00	5.00
	Small	50	6.00	1.00
	Very Small	20	3.00	.50
	Micro	5	.20	.10
Retail and Motor Trade and Repair services	Medium	200	39.00	6.0
	Small	50	19.00	3.00
	Very Small	20	4.00	.60

	Micro	5	.20	.10
Wholesale trade, commercial agents and allied services	Medium	200	64.00	10.00
	Small	50	32.00	5.00
	Very Small	20	6.00	.60
	Micro	5	.20	.10
Catering, accommodation and other trade	Medium	200	13.00	3.00
	Small	50	6.00	1.00
	Very small	20	5.10	1.90
	Micro	5	.20	.10
Transport, storage and communication	Medium	200	26.00	6.00
	Small	50	13.00	3.00
	Very Small	20	3.00	.60
	Medium	5	.20	.10
Finance and Business Service	Medium	200	26.00	5.00
	Small	50	13.00	3.00
	Very Small	20	3.00	.50
	Micro	5	.20	.10
Community , social and personal service	Medium	200	13.00	6.00
	Small	50	6.00	3.00
	Very Small	20	1.00	.60
	Medium	5	.20	.10

Source: Schedule 1 to National Small business Act of 1996 as revised by the National Business Act as amended in 2003 and 2004

The SMMEs can further be grouped into formal and informal sector. The formal sector is vat registered whereas the informal sector is not vat registered. The small business annual review of 2008 indicates that the SMME sector grew by 27% between 2004 and 2007. The largest growth is associated with medium sized enterprise (20.8%) growth. The smallest growth was in the micro enterprise (-5.6%). This resulted in the share of micro enterprises decreasing from 50% in 2004 to 36% in 2007. The decline in the sector can be accounted for the following sectors

- Relatively fewer new registration among this category enterprises
- Relatively more liquidations of micro enterprises and
- More micro enterprises being upgraded to very small and small enterprises as their annual turnover increases (DTI, 2008:62).

2.6. Size and diversity of the sector.

Most of the small businesses are concentrated largely within three broad sectors

- Financial Intermediation Insurance, Real estate and business services (44%)
- Wholesale and Retail trade, repair of motor vehicle, motor cycles and personal and household goods, hotels and restaurants (23%)
- Manufacturing (11%)

In the informal sector the pattern is different,

- The wholesale and retail industry in terms of industry distribution on non-vat registered business is 52% whilst

- The manufacturing industry and community, social and personal services industry also has large proportions on non-vat registered business respectively 12% and 10%.

2.7 . Provincial distribution of SMMEs

The proportion of formal business to provincial population is the highest in Gauteng and Western Cape about 4% and 3% while the ratio of informal business to population is the highest in Limpopo at 8%. However according to DTI (2008:67) the number of informal sector is underestimated. The number of African business owner was 71% in March 2007 whilst the other group represented 29%.

2.8. Contribution of small business

Small, medium and micro enterprises represent an important vehicle to address the challenge of job creation and economic growth in South Africa. They make the following contributions to the economy:

- Provide job opportunities

According to Statistics South Africa's Q1 2010 *Quarterly Labour Force Survey*, the unemployment rate was 25,2 per cent during the first quarter of 2010 with Limpopo province alone shedding 51 000 jobs. South Africa should encourage SMMEs in order to create more jobs.

- Stimulating competition

When competition exists, business vies for sales and customers have greater freedom of product choice. SMMEs not only compete amongst themselves but they also are competitors to larger businesses.

- Aiding big business

Some functions can be performed more efficiently and effectively by small businesses and therefore small businesses contribute to the success of the larger companies. For instance, small businesses can perform the following functions like supply function and distribution function better than larger businesses.

- Producing goods and services

Small businesses do not have large hierarchical structures and entrenched cultures that limit the flexibility and productivity of the company (Longenecker, Moore & Petty .2000:31).

Nieman (2006: 12) states that in order to appreciate the role of small businesses' contribution to the South African economy, we have to consider its contribution to Growth Domestic Product, (GDP). According to SEDA (2007: 49) cited in the DTI annual review 2008, the gross value added generated by micro, very small and small enterprises (i.e. entities employing less than 50 regular staff) amounts to R572 billion (assumption GVA1) or to R493 billion (assumption GVA2) in 2006, which is up from R313 billion or R274 billion in 2000 .With regard to industry sector according to SEDA report (SEDA, 2007:12)In agriculture the contribution of small and micro enterprises was about 40% with approximately R18 billion value added in 2006.

2.9 SMMEs Support

The South African government created an enabling environment by putting together the right policies in place whereby small businesses could thrive. In recognition that access to finance was a key constraint to development of SMMEs, the DTI put in place a set of incentives designed to leverage greater private and non-governmental organisations investment in SMMEs. The department, through the centre for small business promotion is responsible for all policies relating to SMMEs. Thus two institutions were developed in 1996 namely, Small Enterprise development agency (SEDA) previously known as Ntsika, and Khula Enterprise Finance Limited.

2.9.1. Private financing

i. Own savings, family and friends

According to the Foxcroft, et al (2002:34) the most important source of funding in all countries included in the Gem report was the entrepreneurs themselves. Fifty four percent of South Africans reported that they had used self-funding.

ii. Commercial banks

Commercial banks are by far the most frequently used source of short-term finance by entrepreneur when collateral is available. These banks include Standard bank, ABSA, Nedbank, First National Bank. In general these banks have three types of loans to businesses, overdrafts, term loans and mortgages. For the bank to issue loans they need tangible guarantee or collateral. Hirsch and Peters (200:363) collateral can be in the form of business assets or

personal assets. Banks like First National Bank has set up special equity funds to invest in small black owned businesses that do not have enough collateral.

2.10. Organisation assisting women in business

The following are the organisations assisting women in business.

2.10.1. South African Women Entrepreneurs Network (SAWEN)

This organisation was established in 2001 through the Department of Trade and Industry. The following are the objectives of SAWEN, Website

- To provide a national vehicle that brings women together and addresses the challenges faced by them.
- To lobby government, public and private institutions on such issues. However, this is not limited to policy, legislation and/ or proposed legislation affecting either directly or indirectly the trade and commerce activities of women entrepreneurs.
- To align SAWEN with other bodies or organisations with similar business at both a national and international level, and to leverage the relationships arising out of these alignments for the benefit of its members.
- To 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.
- To profile and affirm women in business leadership positions in both the public and private sectors.

2.10.2. Business Women Association (BWA)

BWA is non-profit organisation committed to offering real value in training, connecting and support members and South African Business. It acts as a lobby group on women's business issues, highlighting and publishing the barriers and opportunities available to women in South Africa today (www.bwa.co.za). The organisation helps business women to create connections on multiple dimensions throughout their career.

2.11. Conclusion

An appreciation of gender issues is important when considering strategies to improve Africa's competitiveness in the world and ways to promote private-sector development. There are three main reasons why gender matters. First, women are major players in the private sector, particularly in agriculture and in informal businesses. It is estimated that women-owned businesses account for over one-third of all firms, and they are the majority of businesses in the informal sector in African countries (UNIDO Document, 2003:8). Second, the ability of women to formalize and grow their businesses, to create jobs, and to enhance productivity is hampered where legal and institutional barriers exist that affect men's and women's enterprises differently. Third, there is evidence—especially at the micro level—to indicate that gender disparities not only disadvantage women but also reduce the growth potential of the region as a whole. The existence of gender related barriers can thwart the economic potential of women as entrepreneurs and workers, and such barriers have an adverse impact on enterprise development, productivity, and competitiveness in Africa. Consequently, addressing gender-specific barriers to entrepreneurship and leveraging the full participation of both men and women in the development of Africa's private sector together represent a significant opportunity

to unleash Africa's productive potential and to strengthen economic growth (The Africa Competitiveness Report, 2007:69).

Africa does indeed have considerable hidden growth potential in its women, and tapping into that potential as well as removal of barriers that exist at entry, and reducing disparities in access to and control of resources by empowering women economically can make a substantial difference for Africa's growth and poverty reduction. For Africa to remain competitive, and to tap into the full productive potential of all economic actors, it is important to understand and tackle gender-based barriers to entrepreneurship (The Africa Competitiveness Report, 2007:84). To respond to the needs of women to materialize their economic potential and thereby to improve their standard of living, it is necessary to design programs by applying a mainstreaming strategy. This requires devising measures to integrate women as decision-makers, participants and beneficiaries in all relevant development activities, irrespective of the sector or type of activity. It is also necessary to address the totality of problems women face as entrepreneurs, due to the wide spectrum of elements affecting the equitable participation of women in development (UNIDO Document, 2003:9).

CHAPTER 3

DATA COLLECTION AND ANALYSIS

3.1. Introduction

This chapter addresses the question of the design and methodology that were followed during the investigation. Schumacher & McMillan (1993:157) define research design as a plan for selecting subjects, research sites and data collection procedures to answer the research questions. The chapter specifically explains the plan used for selecting subjects or population as well as sampling. The research site is presented and how data has been collected is also discussed.

The importance of this chapter is primarily based on the fact that the structure and strategy of investigation is outlined. The answers to research questions as indicated in chapter one is also consolidated in this chapter in accordance with the followed procedures. The selected women in small business in Capricorn District Municipality have been researched

3.2. Study Area

The Capricorn District is the third largest district economy in Limpopo Province. It has opportunities in different sectors such as tourism, agriculture, mining and manufacturing. The Municipality is made up of five local municipalities namely, Aganang, Blouberg, Lepelle-Nkumpi, Molemole and Polokwane. These municipalities are quite different in terms of their levels of socio-economic development. Capricorn District is among the highest contributors to provincial. Capricorn represented 24.64% of the provincial GDP in 2006 (Global Insight Database, 2007). In 2006, Capricorn District Municipality recorded an economic growth rate of 7.3% which was

well in excess of both the provincial and national growth rate of 5.1%. and 5.4% respectively (Global Insight Database, 2007). Unemployment in Capricorn District is considerably high. It is estimated that over 46% of the 'economically active population' (people between the ages of 15 and 64 years) are unemployed (CDM LED Strategy, 2008).www.cdm.org.za

3.3. Research design

Research design gives a blueprint for the procedures to be followed in selecting the population, sampling and sampling techniques to be used and specifying the methods of analysis of information collated during the research. The objectives as set out at the beginning of the study are included here to ensure that the information collected is appropriate in solving the research problem statement (Zikmund 2003: 61)

3.4. Population

Population is an entire group of people or objects that is of interest to the researcher or meet the designated set or criteria the researcher is interested in (Brink 1996: 32). Welman et al (2007:126) describe a target population to which the researcher ideally would like to generalize the results on. The target population of this research is women in small business in Capricorn District Municipality. Capricorn District Municipality has a population of 1 400 women who registered businesses.

3.5. Sample size and selection method

Sampling is the process of selecting portion of the population (Polit and Hunger 1998: 230). A non-probability sampling design which is both purposive and convenient was used to select the participants. This method was chosen because they make use of the most convenient available individuals or objects, and they can be used to advantage in certain limited instances (Polit & Hunger 1998: 257 – 260, Brink 1996:140). According to Palton (1990) cited in Streubert & Carpenter (1995: 43), purposeful sampling provides information for an in-depth study with information rich cases. One hundred and fifty questionnaires were sent out to women in small businesses in the Capricorn District Municipality.

3.6. Data collection

Primary data was collected through a questionnaire. Watkins (2008: 67) defines a questionnaire as follows: It is a list of carefully structured questions, chosen after considerable testing with a view to elicit reliable responses from a chosen sample. Gay & Diehl, 1992:238 describes questionnaire as an attempt to collect data from members of a population in order to determine the current status of that population with respect to one or more variables.

3.7. Data analysis

The data was sorted, organizes and coded to ensure accuracy in entering it into Microsoft Excel spread sheet. The demographic data which is (section a) on the questionnaire was coded first followed by the other sections as it appears in the questionnaire. The data is presented in tables and graphs.

3.8. Ethical consideration

To ensure that the identities of participants remain anonymous, personal data is kept confidential and their right to privacy is maintained, pseudonyms will be assigned to various participants.

3.9. Conclusion

In the chapter the research design and methodology used were outlined. The subjects of study, the research area and data collection procedures were stipulated. The unit of analysis has also been furnished and that referred to the school. The research techniques that have been used in the study have been enumerated and outlined with some substantiated advantages given for reasons behind using such research techniques. Both interviews and questionnaires have been used in this study.

CHAPTER 4

FINDINGS AND RECOMMENDATIONS

4.1. Introduction

This chapter presents and analyses current information gathered by the research instruments chosen by the researcher specifically for the case study as described in detail in chapter three. The results will be presented followed directly with the analysis of the data and interpretation of the results. Often the researcher offers her own opinions in explaining the outcomes, except where explanations were offered by the respondents in the “comments” section of the questionnaire. The use of histograms will be made for ease of displaying a vast array of data in a brief and clear format. The analysis is based on 52 responses out of 150 questionnaires that were sent out to women in small businesses.

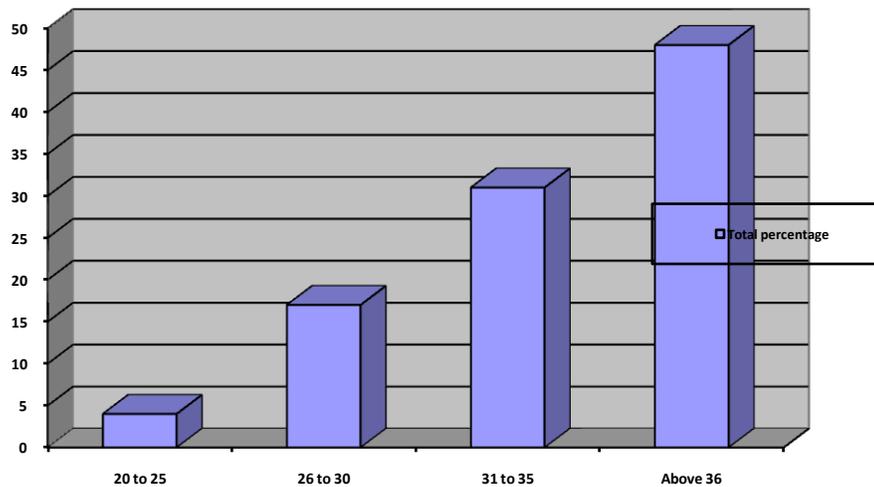
The first section of these results presents the structure of this sample in terms of the demographic profile of the sample. The second section provides the profile of the business operation of the entrepreneurs. The third section looks at the business financing used and challenges facing business.

4.2. DISCUSSION OF FINDINGS

4.2.1. Demographic profile

The sample structure is described in terms of age and educational level. The respondents in the study have indicated that 4% of the respondents are between 20 and 25 years, and 17 % fall between 26 to 30 years, 31% fall between 31 to 35 years and 48% is above 36 years.

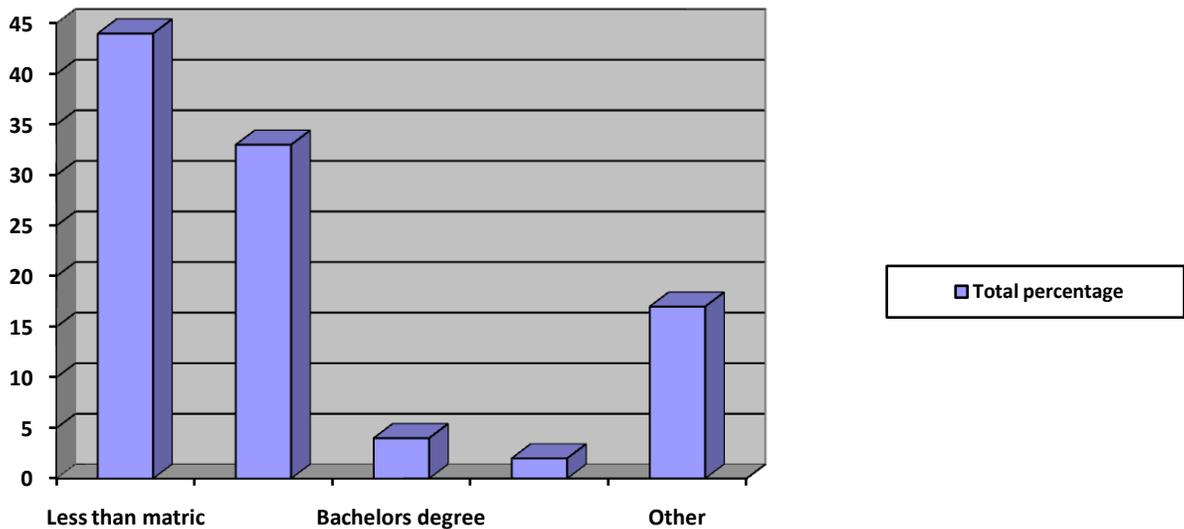
Age	20 to 25	26 to 30	31 to 35	Above 36
Total percentage	4	17	31	48



4.2.2. Level of education

The majority of the respondents (44%) have indicated that they have less than matric whilst 33% indicated that they have diploma, 4% has a bachelor degree and 2% has a masters degree and 17% indicated that they have other qualifications.

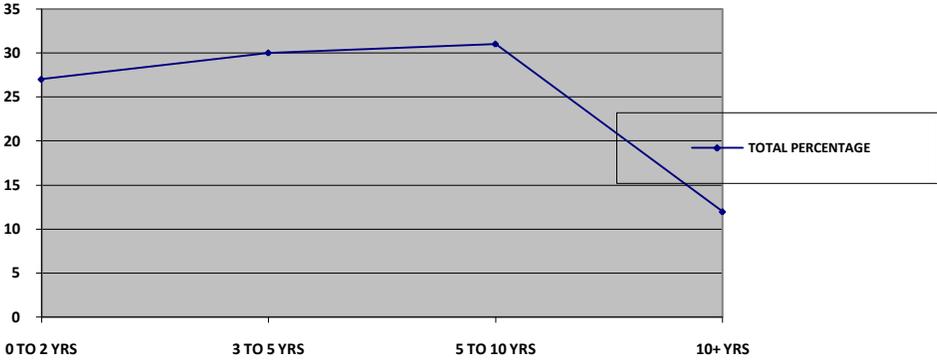
Education	Less than matric	Diploma	Bachelors degree	Masters	Other
Total percentage	44	33	4	2	17



4.2.3. Duration of business operation

This section focuses on providing the profile of the entrepreneurs in the sample. Aspects covered include the role of the respondents in the business, the length of time the business has been in operation, the economic sector in which entrepreneurs operate and the size of the business in terms of employee statistics.

Years in operation	0 TO 2 YRS	3 TO 5 YRS	5 TO 10 YRS	10+ YRS
TOTAL	27	30	31	12
PERCENTAGE				



27% of the respondent indicated that their businesses have been in operation for less two years. 30% has been in operation for less than 5 years .Whilst 31% has been in operation between 5 and 10 years. Lastly 12% indicated that the business has been in operation for more than 10 years.

4.2.4. Prior business

Prior business	YES	NO
Total percentage	37	63

63% of the women indicated that they had no prior business other than the current one whilst 37% had business before.

4.2.6. Business operation

54 of the women have offices whilst 46% operate from home.

4.2.7. Business industry

Industry	Agriculture	catering	Transport	construction	Mining	Other
Total %	4	44	6	19	0	27

The largest industry is catering with 44 % respondents, 27% reside in other businesses and 19% of women are operating construction business and 6% are in transport whilst 4 % is in agriculture.

4.2.8. Employees

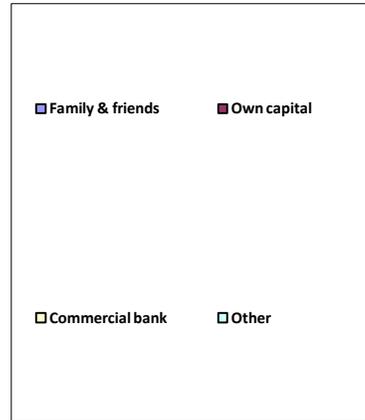
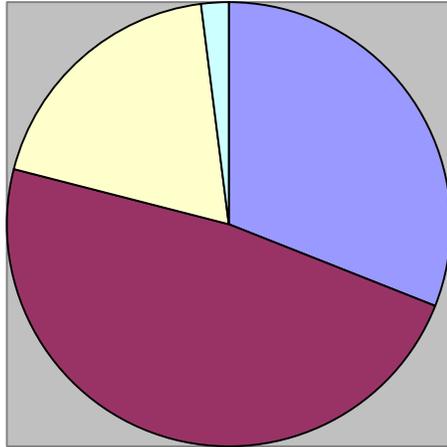
No. of employees	5 people	6 - 20 people	20 – 50 people	50–200 people	200 & more
Total	56	28	8	8	0
percentage					

The purpose of the question was to determine the sector in which women operated in. Some 56% of the business is Micro enterprise because they have less than 5 employees and the remaining 44 % are Small enterprise.

4.2.9. Start capital

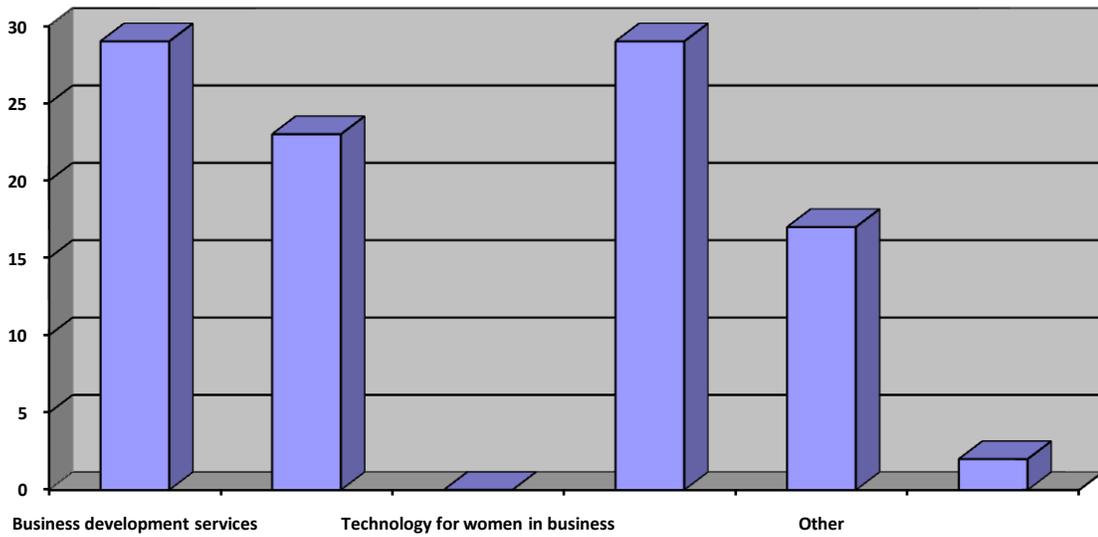
This section focuses on the core results of the survey, the financing of small and medium enterprises and the obstacles they experience. 48% indicated that they have used their own capital to start the business and 31% get their start up from their family and friends. Whilst 19% used commercial banks and 2% used other sources to finance the start up. Many of the respondents used their own capital and they got assistance from family members. The researcher assumes that women are aware of the financial institutions; however, there might be reasons why many women did not approach these institutions like banks that have strict lending policies.

FUNDING	Family & friends	Own capital	Commercial bank	Other
Total percentage	31	48	19	2



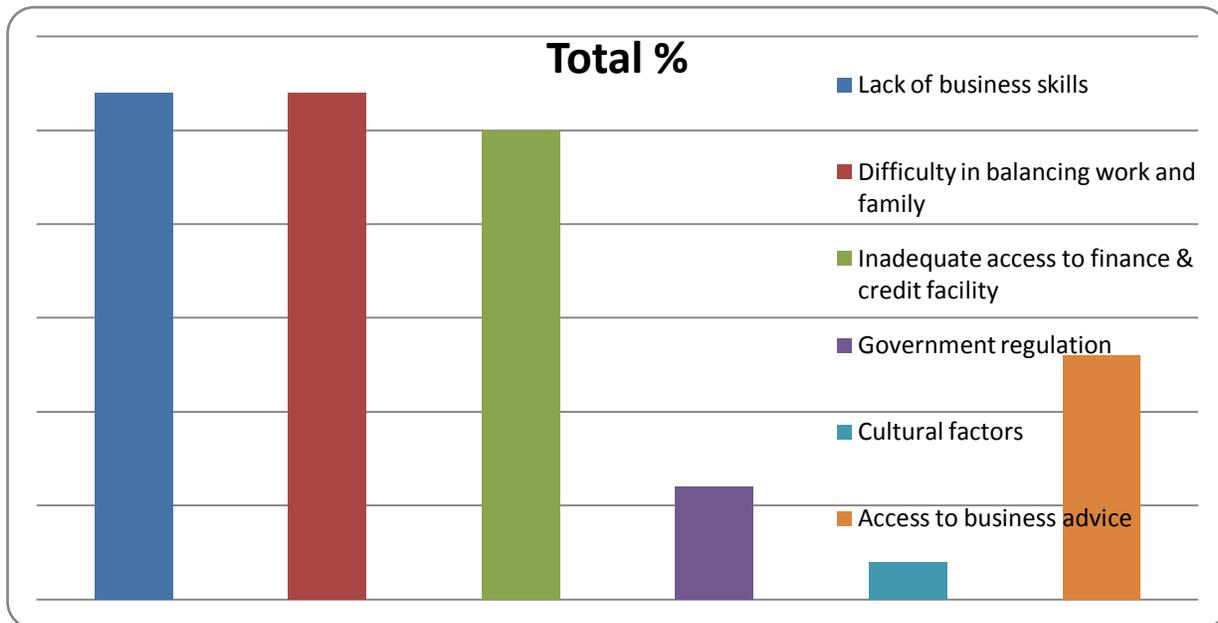
4.2.10. Information

Advisory bureau	Business development services	Business women association	Technology for women in business	Local business support centre	Other	Ntsika
Total %	29	23	0	29	17	2



29 % of the women seek advice from business development services and 29 % also seek advice from local business support centres. 23% of the women seek advice from business women associations and 17% seek advice from other sources, whilst 2% consult Ntsika.

4.2.11. Start up challenges



Challenges	Lack of business skills	Difficulty in balancing work and family	Inadequate access to finance & credit facility	Government regulation	Cultural factors	Access to business advice
Total %	27	27	25	6	2	13

Entrepreneurs were given a list of problems they encountered when starting the business and 27% indicated that lack of business skills and difficulty in balancing work and family was their main problem. 25% indicated that inadequate access to finance and credit facility was the problem and 13 % indicated that they had problems accessing business advice.

4.2.12. Current challenges

Challenges	Lack of business skills	Difficulty in balancing work and family	Inadequate access to finance & credit facility	Government regulation	Cultural factors	Access to business advice	Remaining abreast of the market
Total %	10	15	29	13	4	8	21

29 % of the respondent indicated that inadequate access to finance and credit facility is the main challenge they face in the business. 21 % of the respondents have indicated that they have a challenge in remaining ahead of the market. 15% have indicated that they still have difficulty in balancing work and family. 13% have problems with government regulations and 10 % lack business skills. 4% have experienced cultural factors as challenges.

4.2.12. Reasons for starting a business

The following are the responses about some to the reasons for starting their businesses.

- 26% said they did so to achieve personal independence
- 61% said they did so to achieve personal growth
- 59.63% said they did so because of unemployment
- And 48.07% started their business to seize businesses opportunities

Most of the above reasons are associated with the pull factors of starting a business. Some of those reasons for these women to start their businesses were to achieve personal independence; to pursue their ambitions, to achieve financial growth and personal growth. The pull factors are associated with factors of choice (Orhan & Scott, 2001:232- 247) and the desire for

entrepreneurial fulfilment (Orhan & Scott, 2001:232- 247). Literature also suggests that women are motivated by the social contribution to the society.

I have started my business ----	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
For personal independence	3	0	3	48	26
For personal growth	10.16	7.69	13.46	61	15.38
Due to unemployment	7.69	5.76	1.92	25	59.63
To seize business opportunities	11.54	11.54	9.61	48.07	19.23

To what extent do you agree with the following statement?

	Strongly disagree	Disagree	Neutral	agree	Strongly agree
It is difficult for women to get financial assistance	2	8	3	25	6
Government sufficiently supports women		3	5	30	9
Crime has a negative impact on the business	1	3	13	22	12

4.3. Problem solving statements

One of the most determinants of a country's competitiveness is its human talent- skills, education and productivity of its workforce. According to (GEM 2009: 41) over half the working age population in most countries is women, but they remain under-represented in most forms of economic activities.

Since 1994 women are seen as participants in the South African economy. Efforts are being made to make women to be part of the first economy. However, their involvement in entrepreneurship has remained constant despite a number of initiatives by the government. It is therefore important to understand the environment in which these women operate and the challenges they face. Hendriks 2003: 2-4, SAWEN report (2005: 5) and South African Government, 2004: 1-6) identified the following as general challenges faced by women in small business:

- The regulatory environment - this includes government legislation, which can have a constraint effect on women business.
- Cultural factors - cultural attitudes can discourage women in taking risks in business and accessing information as well as preventing them from getting equal access to procurement opportunities.
- Education and training - Findings on the survey by GEM in 2008 South Africa had the highest percentage of experts identifying education and training as a major limiting factor. Entrepreneurs need help with their starting plans before starting up a business. According the Gem report South Africa scores below the average for efficiency -drive countries in all these respects. Education opportunities and education systems can

constrain women-owned businesses, as women tend to be the ones who have limited access to education opportunities.

- Women's family responsibilities - family responsibility can often result in additional financial burden as well as increased household responsibilities. For example, lack of affordable childcare facilities for young children creates an additional burden for the mother who would like to start her own business (Hendricks 2003:3; Still & Timms, 2000: 7-8) *Lack of support from family and friend due to stereotypical belief that they are only 'playing' at business or would not be good at it.*

4.4. Recommendations

It is recommended that Capricorn District Municipality should encourage women involvement in the business sector as entrepreneurs and provide them with sustainable support, thereby addressing challenges they experience.

It is therefore recommended that the following factors be further researched i.e.

- The impact of limited access to finance on women entrepreneur sustainability
- The effect of lack of business skills in the development of women entrepreneurs

4.5. Limitation of the study

There has not been much research into challenges facing women in South Africa. This has put a strain on the literature review. However, challenges facing women in small business has been done in other countries. Most of the women consulted were from small and micro enterprise and the researcher could not get the views of the experiences in other sectors. The other challenge was that the sample was relatively small due to difficulty experienced in getting the number of women in small business the Capricorn District Municipality.

4.6. Conclusion

There is a need for a new approach in addressing the challenges faced by women in small business. The South African Government has already acknowledged the role of women in the economy. However from the study, women find government support minimal. The writer is of the view that more effort should be put into the elimination of barriers created by excessive regulation and the absence of effective markets. To respond to the needs of women to materialize their economic potential and thereby to improve their standard of living, it is necessary to design programs by applying a mainstreaming strategy.

This requires devising measures to integrate women as decision-makers, participants and beneficiaries in all relevant development activities, irrespective of the sector or type of activity. It is also necessary to address the totality of problems women face as entrepreneurs, due to the wide spectrum of elements affecting the equitable participation of women in development.

From the study it was also noted most women also do not use non-financial institutions like SEDA that offer business advice. Women should tap into these resources that are available as these organisations will give them advice on business start-up phase and also on other

challenges they might be facing. These institutions can also be part of networking which is important for the success of their business.

Access to finance is one of the challenges which women are facing in starting a business. The findings from the study indicate most women have used their own capital to start their businesses. It is, therefore important for the financial institutions to ease the administration procedures for the establishment of women entrepreneurship.

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Appendix A

Covering letter

Dear Female entrepreneur

My name is Tshilidzi Mathapo. I am in the process of completing an MBA degree at the University of Limpopo. I wish to profile and identify challenges by women in small business in Capricorn District Municipality. I would appreciate it if you could complete the following questionnaire.

Your response will be reported anonymously and confidentiality will be maintained.

Yours sincerely

Tshilidzi G Mathapo

0828055310

Appendix B

Questionnaire

APPENDIX 1: Research Questionnaire

QUESTIONNAIRE:

PROFILING AND IDENTIFYING CHALLENGES FACING WOMEN IN SMALL BUSINESS IN CAPRICORN DISTRICT MUNICIPALITY.

Answer each question by filing in an x in the suitable box provided or write your answer in the space provided

SECTION A: BACKGROUND INFORMATION

1. What is your age group?

20 to 25 yrs	26 to 30 yrs	31 o 35 yrs	Above 36 yrs

2. What is your highest level of education?

Less than matric	diploma	Bachelor's degree	Master degree	Other

If you answer is other please specify _____

3. How long has your current business been in operation?

0 to 2 years	3 to 5 years	5 to 10 years	10 + years

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

Yes:
No:

5. From where does your business mainly operate? Mark one option only

Home	Office premises	Other

If other is your answer please specify _____

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

<i>Catering</i>	<i>Transport</i>	<i>Agriculture</i>	<i>Construction</i>	<i>mining</i>	<i>Other</i>
<i>servives</i>					

7. How many people do you employ?

<5 people	6 - 20 people	20 – 50 people	50 – 200	>200

SECTION B: FINANCIAL ASSISTANCE

8. How did you raise your start-up capital?

Family and friends	Own capital	Commercial bank	Other:

If your answer is other please specify _____

9. From which of the following organizations did you seek advice when starting up your business?

Ntsika	Business development services	Business women association	Technology for women in business	Local business support centre	other

If your answer is other please specify _____

SECTION C: CHALLENGES

10. Which of the following difficulties did you experience when you started your business

Lack of	Difficulty	Inadequate	Government	Cultural	Access to business
---------	------------	------------	------------	----------	--------------------

business skills	balancing work & family	access to finance & credit facility	to	regulation	factors	advice

11. Which of the following do you experience currently in your business?

Lack of business skills	Difficulty balancing work & family	Inadequate access to finance & credit facility	Government regulations	Cultural factors	Access to business advice	Remaining abreast of market trends

SECTION D: OPINION RELATED

This section explores the reasons for your starting your own business

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

1 = Strongly disagree, 2 = disagree, 3 = neutral, 4 = agree ,5 = strongly agree

I have started my	Strongly	Disagree	Neutral	agree	Strongly
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business ----	disagree				agree
For personal independence					
For personal growth					
Due to unemployment					
To seize business opportunities					

To what extent do you agree with the following statement?

	Strongly disagree	disagree	neutral	agree	Strongly agree
It is difficult for women to get financial assistance					
Government sufficiently supports women					
Crime has a negative impact on the business					

THANK YOU FOR YOUR COOPERATION

