

**DIFFICULTIES ENCOUNTERED BY BLACK WOMEN
ENTREPRENEURS IN ACCESSING TRAINING FROM THE
SMALL ENTERPRISE DEVELOPMENT AGENCY IN SOUTH
AFRICA**

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The long period of colonialism and apartheid, imposed oppression and exploitation on women especially black African women, meant that they could not own property in their own rights or enter into a contract. The dawn of democracy brought about changes in the role played by women. They have emerged significantly and influence the policy spheres as well as their role of representation in the political spectrum. The article examines to what extent do potential entrepreneurs access training information on starting and growing their business offered by the Small Enterprise Development Agency (SEDA) in Gauteng. It is argued that SEDA aims to provide training to potential entrepreneurs with an aim of empowering them to utilise business opportunities provided through government policies. The data of the survey are analyzed using the quantitative approach. The findings indicate that SEDA provides only limited training in assisting potential entrepreneurs to start and grow their businesses.

Key words: black women entrepreneurs, SEDA training, information dissemination and policy programmes

Introduction

The Small Business Act No. 106 of 1996 was introduced to provide an environment conducive to the development of small, medium and micro-enterprises. The introduction of the Act's

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policy statement declares the intention to promote the economic and social welfare of South African citizens through entrepreneurial and economic innovation, and to stabilise economic opportunities (Willemse, 1999:45). Moreover, the commitment of government to the emancipation of women and their involvement in the economic mainstream is seen as a positive sign in the country's landscape, although the South African government still faces challenges in the fight against corruption, crime, women abuse and the HIV/AIDS pandemic (Africa:2004:4).

In an article in *The Sowetan* (2001:12), the then President Mbeki states that the "struggle for the rights of women continues" after the long period of colonialism and apartheid, imposed oppression and exploitation, especially on black women. Eradicating the legacy of oppression and its effect on black women is essential. The South African National Policy Framework for Women's Empowerment and Gender Equality is aimed at eliminating all forms of discrimination against women internationally. The Beijing Platform of Action and the United Nations Convention were put in place to eradicate all forms of discrimination, be it in business or society at large (Mbeki, 2001:12). To redress this, the South African government has put in place in the form of policy programmes to recognise women in business, such as the Small Business Act no.26 of 1996. This Act was as a result of amendment to legislation and regulations to create the spirit of entrepreneurship (Willemse, 1999:45).

However, it is not enough to recognise these measures: it is also important to find out how effective SEDA training programmes are in influencing women entrepreneurs to start and grow their businesses. Effective policy implementation on the part of government is critical, since creating an environment that is conducive to the flourishing of women in business, to the eradication of poverty and to gender balance lies at the heart of policy-making in South Africa.

Research Question: How do potential black women entrepreneurs acquire SEDA training information on starting and growing their business?

Hypothesis: SEDA is effective in providing training for black women to start and grow their business

Women's entrepreneurship

All over the world, and throughout history, people have created businesses. Entrepreneurship is a cross-cultural phenomenon

with cultural specific aspects, and to understand it one will have to relate to factors that influence entrepreneurial behaviour (Arenius, Minniti & Langowitz, 2004:15). These factors are accepted as universal determinants of entrepreneurial behaviour. They emanate from the socio-economic characteristics of an individual, such as age, education, and work status, and are sometimes influenced by subjective perceptions such as perceived skill, fear of failure, motivation and perception of unexploited opportunities. Further factors which influence entrepreneurship among women can be attributed to work status and socio-economic factors (Arenius et al., 2004:16).

Work status

The lack of job opportunities and social welfare services in South Africa and other third- world countries is one of the reasons why black women turn to the informal sector to seek for employment as a means of survival. Many black women regard the informal sector as an automatic panacea for unemployment and poverty. They see this outlet as unlicensed and it is therefore attractive to informal entrepreneurs (Morris, 1992:72). The informal sector is seen as offering economic activities that can be relied on to provide both adequate and secure alternatives to unemployment. It also offers opportunities for informal money-making in the rural, and particularly in the peri-urban areas, areas. Finally, it serves as a means of subsistence rather than of profit-making for the majority of women because it provides a platform for income generation for daily transactions for domestic purposes (Preston – White & Rogerson, 1991:12).

Arenius et al (2004:20) concur and advance further reasons why women in other parts of the world participate in entrepreneurship. The individual intrinsic motive for starting a business depends on whether it is necessary to alleviate poverty and provide for daily transactions or whether it is possible to pursue business opportunity for profit. In countries where the per capita income is high, women tend to spend more time on their education and only start new businesses to pursue an opportunity, rather than simply to survive and care for their family. In middle-income countries, the reasons for women venturing into business as entrepreneurs are similar to those of lower income countries (Arenius et al., 2004:20).

Socio-economic status

Arenius et al. (2004:20) aver that patterns in entrepreneurial attitudes do not vary from country to country and across genders and age divisions. Nevertheless, it is true that prevalence of women entrepreneurs is consistently lower than those of men in

general. The distribution of women's entrepreneurial involvement across age brackets follows that of men. However, educational factors are considered to be influential because those who possess a secondary and tertiary educational background seem to have better access to information and experience and so venture into business or as entrepreneurs or opportunity seekers rather than out of necessity (Arenius et al., 2004:20).

A research by Arenius et al. (2004:20) estimated that two-thirds of the world's 870 million illiterates are female and that the number is not expected to decrease in the next twenty years. It is stated that women lag behind men, especially in African and Asian countries. Networking is a crucial tool for women and men entrepreneurs and its absence, due to lack of role models and social networks, may hinder many women from becoming because of the lack of access to resources, and it may contribute to a fear of exploiting business opportunities. The complex challenges of women entrepreneurs also include the lack of skills, resources and business opportunities where they live. It is a fact that there are fewer employment opportunities for women than for men. Arenius et al. (2004:21) agree with the statement that the level of men's entrepreneurial activity is higher than that of women across the spectrum.

Barriers facing black women entrepreneurs

Prior to 1948, Black women were regarded as legal minors and could not therefore open bank accounts, sign property leases or conduct legal transactions without permission of their husbands (Linnergar and Gillivray, 1998:43). This instilled fear and feeling of inferiority whereas business demand assertiveness. The impact of the previous laws had adverse consequences for black women's confidence in starting and operating a business which involves considerable risk and effort for entrepreneurs, particularly in view of the high failure rate. Perhaps the risk is even higher for women entrepreneurs, who are vulnerable to crime, abuse and violence. Other problems, such as a lack of education are associated with being in a traditionally male-dominated area.

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. However, the literature on women entrepreneurship suggests that, in terms of entrepreneurial options such as occupation and resources, women are more disadvantaged than men, and African women are more disadvantaged than white women. McClelland, Swail, Bell & Ibbotson (2005:87) state that women confront a variety of challenges in running and growing businesses. The core difficulty lies with the unwillingness of banks to grant credit, lack of

support, the negative socio-cultural attitudes, and sex discrimination or gender bias (Valla, 2001:2)

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 affected the success of these businesses. Internal barriers ranged from a lack of assertiveness, self-confidence and communication skills and an absence of role models to a lack of marketing skills (Allie & Human, 1997:8).

The regulatory environment

In terms of the regulatory environment, women, particularly black women, were excluded from ownership of property and this had an adverse effect on their ability to access collaterals for loan finance. Educational opportunities and systems were heavily influenced by societal values and principles, which challenged women's choices of careers. The choices from early age are still aimed towards the softer sciences and not business, science and technology. These choices later affect women's confidence in venturing into the business world or starting businesses, because business has been perceived as a male dominated area that is to be feared (Hendricks, 2004:3). Women entering the world of business are perceived in a negative way because society still holds women back.

Cultural attitudes

Cultural attitudes instil in black women a fear of taking risks in business and accessing information. The influence of patriarchal societies has contributed to their vulnerability to crime and gender-based violence. Lack of training limits job opportunities in the sense that women in the formal work place are concentrated in the lower paid jobs which usually deny them opportunities for on-the-job-management. They lose out on experience that would in turn enable them to become successful managers. In addition, family responsibilities, increased household responsibilities, and the lack of child-care facilities put pressure on these women and mothers who might otherwise start their own businesses (Hendricks, 2004:3).

Tradition and financial collaterals

In general, black women are in the majority and are continually discriminated against on the basis of race and gender. The majority of these women live in extremely poor conditions and are without education (Magomola, 2000:13).

Customary law and its consequences rendering women as minors, contributed to the inability to raise collaterals. Inability to acquire property rights impacted negatively on women who

aspired to start business, because they could not convert their houses to collateral for banks. The traditional discriminatory practices and lack of information also contributed to black women's inability to accumulate personal assets, which affected their ability to raise loans and other capital required. Therefore, a lack of finance is still a major stumbling block preventing black women entrepreneurs from reaching their full economic potential in South Africa. Despite policy interventions designed to alleviate the constraints in small business sectors, black women entrepreneurs remain on the periphery. Furthermore, black women entrepreneurs remain on the periphery (Magomola, 2000:13).

Gender discrimination and bias

According to Zabludovsky (2001:356), women think facing gender challenges depends 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. Verwey (2005:53) states that the first South African Convention for the elimination of all forms of Discrimination against Women defined discrimination as "any distinction, exclusion or restriction made on the basis of sex which has the effect or purpose of impairing or nullifying the recognition or enjoyment of exercise by women".

The lack of education

According to Maas (2006:15), in the Global Entrepreneurship Monitor (GEM), report indicates in the survey conducted for entrepreneurs that the majority of women entrepreneurs had a Grade 12 school qualification. However, many did not. While education is the fundamental principle for empowerment, the absence of it sidelines the majority of the country's population. Education is a key tool for liberation. Information on SEDA programmes is disseminated via the Internet, newspapers and through the media. The majority of black women entrepreneurs who participated in the study had less than Grade 12 as a highest standard. Furthermore, tender documents require proper understanding in order to be filled in. The majority of black women who participated in the study had less than grade 12 as a highest standard. Lack of education in the business community is the worst enemy to ventures and black women entrepreneurs heavily lose on these opportunities (Hendricks, 2004:43).

Lack of information dissemination

The information disseminated about SEDA training programmes for entrepreneurs is accessed through newspapers and Local Service Business Centres (LBSCc). The lack of education of the

majority of women in the study led to a fundamental problem in accessing information. As regards access to SEDA programmes, the study showed that 15.13% of information was accessed through friends. Only 0.08% was accessed through LBSC, the agency that is supposed to disseminate information on government policies and programmes. It is evident that there is a need to restructure local business service centres in the local communities so that information can be more widely disseminated and accessed. Even though government has put these measures in place, the absence of communication structures about these policies from SEDA remains a critical concern for those who are to benefit.

Implementing policies and strategies to develop black women entrepreneurs in Gauteng

The literature and personal interviews confirm the problems facing female entrepreneurs in Gauteng. Given the resources committed to support SMMEs by Gauteng Municipality Area according to government's national strategy, the restricted access to credit no longer applies. The question is: why do only a few female entrepreneurs use the resources available? The City of Tshwane has to come up with more focused strategies to create awareness about government policies and empower black women to access them.

There is also a need from the city's side to liaise with community structures in making sure that information about government polices is disseminated and that women in townships become aware of the business environment created to empower them. Information on business networks should be disseminated in the same way as information about health clinics, government grants, child maintenance and immunisations

Many black women entrepreneurs in Tshwane concentrate on trading activities (hawking, running spaza shops, clothes selling, hair-salons, catering at open taxi ranks, taverns and selling bead work). The concentration of females in this sub-sector reflects their need to generate some form of minimal income. However, the study showed that there is still a high rate of illiteracy among black women entrepreneurs in Tshwane. The illiteracy results in most of the women failing to access policies and programmes effectively.

According to Botha (2006) the following are problems that black women entrepreneurs face in Tshwane:

- Violence and crime are high and affect their business.
- There is lack of information dissemination about policies and programmes.

- The high rate of illiteracy makes entrepreneurs reluctant to take loans despite the low interest rates on the other hand there is unwillingness in financial institutions to grant loans to entrepreneurs who do not have proper business records.
- There are no proper organisational structures for women to affiliate to.
- To encourage the empowerment of women entrepreneurs in Tshwane, a strategic approach may be required. This would mean planning and implementation of a broad strategy of appropriate and practical policies.

Suggested steps as a way to implement policies and programmes successfully

- Step 1: Identify the target group.
- Step 2: Study the environment and status of women's business activities.
- Step 3: Set objectives and design programmes that will suit the needs and characteristics of the target group.

Research methodology

An empirical survey was conducted by means of personal visits, during which structured questionnaires were given to the respondents to complete. In some cases, respondents agreed to fill in the questionnaires immediately. In most cases questionnaires were left with respondents and collected after completion.

Participants

300 Black women were selected but quotas of entrepreneurs were allocated to each area. The sample included respondents from five Tshwane Townships in Gauteng Province. The area was selected because of its accessibility for the personal interview and cost considerations. The sampling procedure was based on the principle of random sampling and the selected organizations contained the elements of the target population. The final response rate was 86%

Data Processing

To assess the validity of questionnaires, the 34 opinion questions (on a four-point likert –scale) were subjected to a Non- Parametric Binominal Test and cross tabulation test analysis. The SPSS of the SAS package was used to complete the inferential statistics and to compare variables between groups

Results

SEDA Training

Table 1.1 indicates the significant levels of training by SEDA. The table shows there *was a marginal significance* of a boarder line nature in respect of age difference.

Table 1.1 Chi-square test on training by SEDA

Variable	Chi -square	Df	p-value
Location	1.171	5	0.948
Age	8.848	4	0.065*
Marital status	2.986	3	0.394
Educational level	7.842	9	0.550
People in household	.499	2	0.779
Business type	2.947	3	0.400
Business size	.252	1	0.616

Level of significance

***p <0.05**

Hypothesis H₃, that SEDA is effective in providing training for black women entrepreneurs, is rejected.

The results of training by SEDA were further analysed by ANOVA.

Table 1.2 SEDA Training by ONE-WAY ANOVA

In this section the relationship between the independent variable, black women entrepreneurs and the dependent variables of Section B of the questionnaire is established. An analysis of variance to investigate these relationships was conducted. Table 1.2 below depicts the results of the ANOVA exercise. Groups formed in terms of age, location and operation of business were shown to be *significantly* different in respect of the support of SEDA requirements as dependent variable, as shown in Table 1.2. The age brackets of 30-39, 40-49 and 50-59 showed a *significant difference* between those who rent property from friends, and those who are street vendors. Individuals who rent property from friends have to comply with more SEDA requirements than individuals who are street vendors or own their own property or stall.

Table 1.2 Results of one Way Analysis of Variance: SEDA requirements

Independent Variable	F	Df	p>f
Location	.354	5	.877
Age	6.55	4	.000***
Marital status	.802	3	.942
Qualifications	.202	9	.993
Years in business	.250	2	.092
Operation of business	.515	2	.009**

Level of significance

***p<0.05**

These differences were further investigated by means of a post hoc test on the support of SEDA requirements. Significant differences were indicated between the 20-29 age group who scored higher on SEDA requirements than the other age groups.

Table 1.2 indicates that 17.1% of the information disseminated about SEDA training programmes for entrepreneurs is accessed through newspapers, and 15.13% through friends. Only 0.08% is disseminated through LBSC, the agency that is supposed to disseminate information on government policies and programmes.

Table 1.3 Information dissemination of SEDA training programmes

	Frequency	Per cent	Cumulative frequency	Cumulative percentage
Newspaper	19	17.1	19	17.1
Radio	4	0.04	23	17.14
Internet	9	0.08	31	27.92
Friend	17	15.13	48	43.24
Business partners	3	0.03	52	46.85
Government agencies	9	0.08	61	54.95
Other	2	0.01	63	57.75
Missing frequencies	48	43.24	111	100.00
Total	111	100.00	111	100.00

Conclusions

The hypothesis: SEDA is effective in providing training for black women entrepreneurs, is rejected.

The results of inferential statistics (One-way Anova and post hoc test) reveal that there was a very high missing value which already indicates that SEDA does not really supply to the needs of entrepreneurs as 48 out of 111 did not even report knowledge of any form of information dissemination of SEDA training programmes. The participants in the age group 20-29 attended SEDA training, unlike those in the age bracket 40-45, 50 and above. The p-value showed $p < 0.05$. The hypothesis was rejected. Although a small percentage of respondents did receive training from SEDA. The level of significance was unremarkable.

As mentioned above, the participants who acquired training were in the age bracket of 20-29. The reason for this could be that younger people are more energetic than older ones. The second reason could be the fact that being younger, this group could travel greater distances with ease. Women from age bracket 30-40 and 50 and above did not receive any training at all. A small percentage of the respondents from Ga-Rankuwa attended training from SEDA, because there were LBSC offices in Ga-Rankuwa. There is a probability that information was disseminated to these respondents.

Size of business, location, and marital status, showed a less significant relationship with SEDA training. The small percentage of the respondents who owned medium size business indicated they receive training. It can be concluded that SEDA is not effective in providing training for black women entrepreneurs.

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