

# Women entrepreneurs in SA: Growth, funding, challenges and solutions

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South Africa has emerged a clear leader on the continent, as an enabler of women's entrepreneurship. However, as President Ramaphosa pointed out last year, despite efforts from multiple segments of society, only 41% of South African women aged between 15 and 60 years are regarded as being economically active. While we should celebrate the significant strides being made towards tackling gender disparities in entrepreneurship, we should strive as a collective to address major challenges that prevent progress such as access to funding.

## Women entrepreneurship in South Africa: Slow but steady progress

According to the most recent Mastercard Index of Women Entrepreneurs (MIWE), South Africa ranks as the second highest country in Africa in terms of its proportion of women-owned businesses and the formal support available for women entrepreneurs. With a score of 54.9, South Africa followed closely on the heels of Botswana, with a ranking of 56.3.

Furthermore, in every country surveyed by the Global Entrepreneurship Monitor (GEM) Women's Entrepreneurship Report, women were less active than men in business. However, countries regarded as being upper-middle income territories have been found to be the most progressive in terms of gender parity. At 16% average total early-stage entrepreneurial activity for South African women, compared to 19% for men, a small gender gap in entrepreneurship still persists.



Rene Botha, regional investment manager at Business Partners Limited

*“ ... my commitment is to do my part to enable female entrepreneurship in the country until the gender gap is closed... ”*

– Rene Botha, Business Partners Limited

The GEM Report also found that women in countries like South Africa are among the most innovative and high growth entrepreneurs in the world. Commenting on this is Rene Botha, regional investment manager at Business Partners Limited and SA's 2011 Most Influential Women in Business (Financial Services), who believes that women's drive to succeed as businesspeople is driven by necessity.

“We know that women are playing increasingly central roles in their households as pillars of financial support. The scarcity of jobs or inadequate compensation within those jobs has presented South African women with an undeniable challenge. Many have succeeded in turning that challenge into an opportunity, which they have seized for the betterment of themselves, as well as their families and communities,” she says.

Botha herself is an avid proponent for women empowerment who has risen through the ranks within Business Partners Limited from a junior investment professional in 1998 to area manager for Stellenbosch in 2008 and recently in 2023, regional investment manager. In this new position, Botha has even more influence in the provision of finance to entrepreneurs and contributing to the growth of women entrepreneurship in the country.

## Lenders need to adjust their approach to women entrepreneurs and risk

South Africa's entrepreneurial environment presents several unique challenges for women business owners, the most

critical of which is access to finance, as Botha argues. According to the findings of economist and writer, Trudi Makhaya, one of the primary reasons for this involves women being less likely to own assets such as houses which lenders require as collateral.

This lack of collateral leads to many aspiring women entrepreneurs being denied finance due to not meeting loan eligibility requirements or simply, as many have attested, not being taken seriously enough by finance providers. For Botha, who has led the financing of many women owned businesses across sectors since 1998, the solution to this problem needs to involve lenders across the financial spectrum, making less generalised decisions and assessing the granting of business loans on a case-by-case basis.

As she adds: “Lenders – both traditional and non-traditional – have a fiduciary obligation to mitigate risk. For many, the solution is applying stringent criteria to the awarding of loans and other financial arrangements. Doing so indiscriminately, however, has served to weaken South Africa’s drive towards better financial inclusion. As industry leaders, we need to invest the time and resources into assessing each application on its individual merits and adjusting our terms to protect our own financial viability, while giving more entrepreneurs a chance to prove themselves.”

### **More support needed for women entering the credit market**

Another factor at play is the finding by the African Development Bank Group that many women entrepreneurs in Africa are more likely to self-select out of the credit market due to perceptions of low creditworthiness. In other words, many women opt out of applying for business finance due to their prediction that their applications will be denied.

This perception can be attributed to the historical experience of women, who traditionally have found it more difficult to secure financing. It could also be attributed to cultural factors or the lack of cultural support for women entrepreneurs – an aspect that the GEM Report found to be at a deficit in South Africa in particular.

In this regard, training and education opportunities geared specifically at women will go a long way in helping women develop the confidence and self-esteem they need to pursue financing options more assertively. In addition, women need to build their business networks with intention and lean on the expertise of mentors, trusted advisers and the people who show full support for their entrepreneurial ambitions.

“Women entrepreneurs are up against systemic barriers but also several cultural ones that stymie their growth on a mental and emotional level. We need to streamline our efforts as leaders in the business community and within the public sector, to implement school-level and early-age interventions that can help women to overcome the fear of failure, be bolder in their decision-making and more confident in their abilities.

“In my new position as regional investment manager at Business Partners Limited, my commitment is to do my part to enable female entrepreneurship in the country until the gender gap is closed,” concludes Botha.

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