A study of the awareness, access and appetite of credit finance by women-owned small businesses in the Gauteng Province – South Africa

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DECLARATION

I, Thabile Sibusisiwe Xulu, declare that this research article is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the Graduate School of Business Administration, University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Thabile Sibusisiwe Xulu

Signed at Stanger, KwaZulu-Natal

On the 29 day of March 2018
DEDICATION

“To the crazy ones. The misfits, the rebels, the troublemakers, the round pegs in the square holes, the ones who see things differently. They're not fond of rules. And they have no respect for the status quo. You can quote them, disagree with them, glorify or vilify them. About the only thing you can't do is ignore them. Because they change things. They push the human race forward. And while some may see them as the crazy ones, we see genius. Because the people who are crazy enough to think they can change the world, are the ones who do” (Jobs, 1997)
ACKNOWLEDGEMENTS

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SUPPLEMENTARY INFORMATION

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† Including abstract references, etc.
ABSTRACT

Background: South African Small and Medium Enterprises (SMEs) contributed an estimated 36% towards the country's gross domestic product (GDP). A further 60% was contributed towards employment opportunities. Black women represent the highest figure with regard to self-employment in South Africa, with a substantial number concentrated in the informal business sector.

Access to finance has been identified as a major challenge across the SME sector, mainly for SMEs belonging to the historically disadvantaged groups. In addition, further gender-specific challenges exist, such as collateral availability to back financing applications, prejudiced traditions, insufficient policy and legislative progress in support of women participation in the SME environment.

The International Finance Corporation estimates that in developing economies, 70% of women-owned SMEs that exist in the formal sector are either being underserved or not served by the financial institutions.

Aim: The primary focus of the research is to assess the access, appetite and awareness of credit finance for women-owned small businesses in the Gauteng province, South Africa.

Setting: The study targeted women who own small businesses in Gauteng, South Africa.

Methods: Purposive sampling method was used for the study. An online survey was distributed to the sampled population. The data was analysed using descriptive analysis techniques.

Results: 62.5% of the respondents indicated as being sole or part owners of some form of property or land. In addition, 58.33% of the respondents have a business plan, while 72.92% of the respondents indicated not having their business insured.
70.83% of the respondents indicated that they have never applied for credit finance for their businesses. While 56.25% of the same respondents have applied for personal credit, this indicates a low appetite for business finance products.

85.41% of the respondents are either FET or university graduates and only 2.08% represents respondents who have no formal education. 66.67% of the respondents indicated that they are aware of where to go for credit finance application. Furthermore, 62.50% of the respondents indicated knowing someone who has applied for credit finance for their business compared to the 37.50% that did not.

**Conclusion:** There were respondents who are aware of a credit provider they can approach, however, the awareness of the right credit provider to approach for their type of business and the type of credit products they require may be limited. The appetite is there to grow their small businesses however, their first choice of funding is business savings and personal savings before considering a credit application, which raises concerns on the appetite for credit finance products.

An overwhelming majority of the respondents have never applied for credit finance for their businesses however, more than half have applied for personal credit. The main reasons for not making credit finance applications were cited as being the fear of debt, assumption of not meeting the qualifying criteria and the difficulty in the search for credit finance products for their businesses.

**Keywords:** Small businesses, women-owned small businesses, access to credit, awareness of credit, appetite for credit, financing gap, financial literacy, financial confidence, lending model, non-monetary business support
INTRODUCTION

Background of the study

South Africa, like many other developing countries, has emphasised entrepreneurship. The country has plans to use entrepreneurship as an economic driver to contribute to increased Gross Domestic Product (GDP) growth, reduce poverty and the high unemployment rate (SBP, 2013; Spring, 2009). The South African government has introduced various structures and agencies to facilitate the growth of entrepreneurship in the country. However, for entrepreneurship in South Africa to start unlocking GDP growth and job creation, efforts need to be directed to the growth of existing entrepreneurs and the introduction of more entrepreneurs into the formal sector. Entrepreneurs who participate in the formal sector are those that can assist the government in achieving the required scale in favour of improved GDP growth, accelerated job creation, introduce innovation and efficiencies (Seed Academy, 2016).

In South Africa, small and medium enterprises (SMEs) contributed an estimated 36% towards the country's gross domestic product (GDP) and contributed 60% towards employment in 2017 (Global Entrepreneurship Monitor, 2017). The right monetary and non-monetary support can position SMEs to potentially make further contributions to GDP and to the reduction of unemployment in the country (SME Growth Index, 2015). The National Development Plan further sees the SMEs sector potentially contributing in the region of 90% to GDP by 2030 (South African Government, 2012).

According to the Small Enterprise Development Agency (SEDA), there are approximately 72% and 40% women-owned micro small businesses and small businesses respectively (Thulo, 2015). Black women represent the highest figure with regard to self-employment in South Africa, with a substantial number concentrated in the informal business sector. Considering the population of the world's SMEs that are present in the formal sector, only one-third represents
women-owned enterprises (Stuonytska, Koch, McBeath, Lawson, & Matsui, 2014). This is an indication that there is SME growth potential across the world to involve more women in the field of entrepreneurship. The rise in women taking up business opportunities in the formal market through franchising and entering into previously male-dominated industries, such as manufacturing and property development, provide indications of hope towards better integration and participation (Nanziri, 2016).

A crucial component in the SME sector is access to credit, particularly when looking at SMEs from the historically disadvantaged groups however, the very same SME can also benefit from access to business development support. The business development support should be present in varying stages of starting and growing a business, in the form of business advice, coaching, mentoring, risk management and financial literacy (National Credit Regulator, 2011). This support provides SMEs with an opportunity to understand the credit market, understand how to manage the relationship with the various stakeholders and in turn, how to ensure that the credit terms are honoured throughout the financial tenure.

The probability of success for SMEs that applied for unsecured loans is only 25% and within the 25%, only 18% end up receiving the loan (National Credit Regulator, 2011). The primary reason for the lower rate of disbursement is that the borrower (SME) might not be able to meet all the conditions of the loan once it has been approved.

Access to finance has been identified as a major challenge across the SME sector; mainly when looking at SMEs from the historically disadvantaged groups. Stuonytska et al. (2014) indicate that in addition to the financing challenge, further gender-specific challenges exist. The challenges that have been identified are around the lack of or no collateral to back financing applicants, prejudiced customs and traditions, as well as weak or slow policy and legislative progress in support of women’s participation in the SME environment. The International Finance Corporation (IFC) estimates that in developing economics, as much as
70% of women-owned SMEs that exist in the formal sector are either being underserved or not served at all by the financial institutions; this represents a potential financing gap of about $285 billion (Stuonytska et al., 2014).

**Problem statement**

Women entrepreneurs in South Africa have been historically disadvantaged with regard to legal ownership of assets, unequal marital arrangements and limited formal employment opportunities (Simbwaye, 2002). As a result, women are either shying away from entrepreneurship or are being limited to the informal sector. The current economic, business and legislative environment in South Africa is ripe for women to enter and lead in entrepreneurship, organisations and government institutions. Through more participation by women in entrepreneurship and formal employment, South Africa can open itself to a more cooperative, transparent and relationship focused leadership.

Women across the world form part of the least productive and underutilised resource (Botha, 2006). Women represent a potential pool that can be activated and introduced into entrepreneurship which nations can leverage to address challenges around GDP growth, poverty, inequality and unemployment (Botha, 2006). The challenges that are facing women owned SMEs limit them from performing to their full potential and have increased participation in the economy through business and government (Hendricks, 2001).

According to the National Credit Regulator (2011), research performed indicates that there are sources of finance and support in South Africa for SMEs. Research also revealed that the majority of the available information with regard to access to funding and support for SMEs is in the public space, related to government programmes. The key conclusion from the research performed by the National Credit Regulator (2011) is that there is no available information that can be utilised to clearly determine if the supply is meeting demand with regard to the finance that is currently available in the market, subsequently, understanding if
there is a financing gap in the South African SME landscape. This has been largely due to the unavailability of information or inaccurate information in relation to the participants and activities in the SME sector.

**Aim and objectives**

The primary focus of the research is to examine the access to, appetite for and awareness of credit finance for women-owned small businesses in Gauteng province, South Africa.

The outcome of that assessment will contribute to understanding whether there is a financing gap, limited appetite or a knowledge gap with regard to women-owned businesses and credit finance.

Two questions that remain fundamental to the discussion of access and usage of external financing by women (Harrison & Mason, 2007) are:

- Is there an existing financing gap? and
- To what extent are the challenges faced by women structural, environmental/societal, based on financial literacy, and limited awareness or gender-based discrimination?

**Entrepreneurship theory**

The word ‘entrepreneur’ comes from a French term “entreprendre” which means “to undertake” (Kruger, 2004). The term entrepreneur was introduced to the academic space by Cantillon in 1755, however, Schumpeter in 1939 played a key contribution in the launch of the entrepreneur through associating it with innovation (Filion, 1997).

A synchronised and complete theory of entrepreneurship is still to be formulated. While that process is under way, we rely on different entrepreneurship theories that have been submitted by various social thinkers.
Innovation theory of Schumpeter

Schumpeter's (1939) innovation theory was the first theory to advocate for entrepreneurship when he considered entrepreneurship as a catalytic agent that disrupts the status quo of the economy and contributes to continued development.

Schumpeter's theory is centred around the concept of innovation and its vital role in entrepreneurship and the development of entrepreneurship. What is emphasised in the innovation theory is that the entrepreneur is a significant contributor in economic development in the process of innovation (Schumpeter, 1939). The theory makes a distinction between an innovator versus an inventor when addressing entrepreneurship; the innovator goes beyond the steps of an inventor in that they seek out means and opportunities to commercialise the invention (Schumpeter, 1939).

The innovation theory has not been shielded from criticism and has been challenged in that it has a single focus that places significant emphasis on innovation while neglecting risk-taking ability and other aspects of entrepreneurship (Knight, 2005). It is less challenging for large businesses to adopt the theory versus small entrepreneurs as they are forced by economic conditions to imitate versus embarking on the constant process of innovation. Entrepreneurship goes beyond innovation but concerns being able to coordinate resources to exploit opportunities.

Risk bearing theory of Knight

Entrepreneurship is synonymous with bearing risk, that it why it forms a significant element to what entrepreneurship is about. Knight (2005) recognised the significant role of risk bearing in the process of entrepreneurship, how it essentially motivates whether the entrepreneur takes the following step to commercial and exploit opportunities.
Knight (2005) considered the following to be notable features of the risk-bearing theory; risk generates profit, the more the risk absorbed, the more the gain. Profit therefore is both the reward and the cost of embarking in the entrepreneurial activity; this is the continuous relationship that an entrepreneur has with uncertainty.

The risk-bearing theory offers a one-dimensional view of entrepreneurship, solely focusing on risk being what makes and concludes entrepreneurship. The ability to take and bear risk forms a part of the entrepreneurship process, however, the ability to be innovative and creative plays a significant role. With no innovative ideas or new combinations, the entrepreneur would not need to consider bearing any risk.

**Economic theory of entrepreneurship**

Baumol (1968) focused on the economic theory that was advocated by Papanek and Harris; they tabled that economic factors and incentives are the main drivers in entrepreneurial activities. Innovation itself is great but for innovations to be commercialised, economic conditions must be conducive to the activity to achieve its desired or highest potential. The following economic factors in the process of entrepreneurship can either promote or demote entrepreneurship progress and development (Baumol, 1968):

- Conducive, inclusive and progressive legislation;
- Availability and accessibility of raw materials;
- Availability and accessibility of credit finance;
- Availability and access to market and industry information;
- Availability, accessibility of market and routes to market, and
- Availability and access to infrastructure and technology support.

In addition, not having a completely conducive economic environment does create further opportunities for distinct entrepreneurial activities that thrive in extreme uncertainty and gaps in the economy.
Harvey (1978) views entrepreneurs as individuals and organisations that fill and exploit gaps. He emphasises that entrepreneurs are gifted in coordinating resources to connect different markets despite failures and deficiencies in the market.

The theorists above all present their own opinion of an entrepreneur and entrepreneurship, influenced by their perceptions, discipline, focus and as such, each theorist presents a limited view of entrepreneurship. As already indicated above, the theory of entrepreneurship is still developing, and a solid, complete and synchronised definition is still to be formulated. What can be gathered from the various entrepreneurship theories is that entrepreneurship is the result of a combination of tangible and intangible factors in the external environment which involves innovation, risk-taking and leveraging on economic factors.
LITERATURE REVIEW

Profile of the woman entrepreneur and the women-owned business

Research indicates that, on average, women reinvest up to 90% of the income that they receive into their households versus the 30 – 40% by their male counterparts (Barclays PLC, 2013). In developing countries, it is reported that 46% of men hold an account with a formal institution versus the 37% of women (Barclays PLC, 2013). Ahl (2002) sums up that across various research, when women are discussed in the space of entrepreneurship, they are normally associated with being less entrepreneurial, less growth driven, inexperienced, unqualified, risk-averse, have a feminine approach to business, limited networking or involvement in circles where business deals get done, are discussed with regard to their entrepreneurial ability and gender discrimination when it comes to loan applications.

The Global Entrepreneurship Monitor (GEM) (2017) report for South Africa by Herrington, Kew and Alesimo (2017) presented encouraging findings, showing a decline in the gender gap from 2015 to 2017 regarding entrepreneurial participation. For every ten men that were involved in early-stage entrepreneurship, there were seven women also engaged in 2016; the ratio is in line with those of economies that are considered efficiency driven (Herrington, Kew, & Alesimo, 2017).

The GEM 2017 report conducted by the Global Entrepreneurship Monitor (2017) also analysed awareness of the SEDA amongst the adult population. The results indicated that, of the population studied, only 25% had an awareness of SEDA. The sample was further narrowed down to only include those participating in early stage entrepreneurial activity, 38% of the sample indicated being aware of what support Seda provides. However, of this sample 38% of those who were aware
of the support services provided by SEDA, 56% of them were male, and women accounted for 44%.

The Global Entrepreneurship Monitor (2017) report also indicates that among the entrepreneurial population in South Africa, males were 3.7 times more likely to be motivated by opportunity than by necessity versus women who were 2.6 times. This presents a case that there is still a large group of women who are presented with entrepreneurship as an option because of survival needs versus an attempt to exploit an opportunity in the market.

Challenges facing women-owned small businesses

Women-owned SMEs and women entrepreneurs face barriers to enter, grow and remain competitive in the business environment. Even though research has revealed over time that women demonstrate a better credit repayment history than men, women are still finding it a lot more difficult to access credit for their businesses than their male counterparts.

Research from across developed and developing nations still holds that to some certain degree, women and men face similar challenges around acquiring credibility and the necessary resources to fully compete entrepreneurially. Although researchers differ in crediting the challenges women face to either structural or gender-based challenges, they are all in agreement that women face further challenges in the access and usage of external credit (Marlow & Patton, 2005).

It is evident from past research that all SMEs face various challenges, however some challenges are more specific to women-owned SMEs. The existence of these challenges can go a long way in supporting inequality in the SME space, further restricting the participation and success of women in the SME space. Peter and Sara (1998) recognise the challenges faced by women in the access
to credit, guarantees, on-going business support and stereotypes associated with women and their ability to compete entrepreneurially. Various researchers have identified the following as being key obstacles to the introduction and success of women-owned SMEs.

**Demand side of credit**

**Financial literacy**

This relates to a poor understanding, knowledge and awareness of financial concepts and products, credit processes, financial skills and awareness of what funding options and support are available in the market for SMEs (Abubakar, 2015). Although strides have been made with regard to reducing illiteracy levels in Sub-Saharan Africa, illiteracy remains a significant challenge, especially among women and female children. General literacy has not been achieved across Sub-Saharan Africa, achieving financial literacy presents an even greater challenge (Egbo, 2000).

**Lack of awareness of monetary and non-monetary assistance**

The lack of awareness of what resources are available in the public and private market for women-owned SMEs is another obstacle to success where few women entrepreneurs know which institutions to approach for the various kinds of monetary and non-monetary assistance to start or grow their businesses (Abubakar, 2015). Women entrepreneurs face further non-monetary challenges, such as limited female role models, challenges in gaining the confidence of their business stakeholders, limited business development support, limited business and industry-specific training and limited to no related experience (Das, 2000).

**Lack of financial confidence and risk aversion**

Overall, women demonstrate less confidence in the financial space than men. This can be linked back to the lack of awareness as well as the historical roles
assumed by women which involved little to no participation in the space of finance or risk-taking ventures (Naidoo & Melzer, 2006).

Supply side of credit

Attitudes of lenders

As much as South Africa sees growth in private investors, many businesses and individuals still rely on commercial banks for credit or financial assistance for their businesses. The attitude of banks plays a significant role in creating the right environment for women in the SME space; from applying for credit to the fair evaluation of their application. What banks are doing to address the view that women in the SME sector face greater challenges than their male counterparts in accessing financing for their businesses is of utmost importance.

Lending model

Orser and Foster (1994) indicated that the 5Cs bank lending model (character, capacity, capital, collateral and conditions) had contributed to the disadvantage of women entrepreneurs. The 5C banking model places many women entrepreneurs on the back foot, largely due to the historical exclusion of women who have not acquired as much, if any, capital which affects collateral. They have either not been employed at all or they have been employed in the informal market which affects how their credit record is assessed. Only recently there has there been a drive for women to take up management and leadership roles in the formal employment environment.

Lack of appropriate products

The credit products catering to the women-owned businesses market normally offered by banks are often not affordable for the business stages for which funding is required (World Bank Group, 2011). In addition to that, the importance of collateral in securing credit finance has also been cited as a challenge that
contributes to the unaffordability of credit finance products. This plays a significant role in further disqualifying women from participating in the formal credit market due to the historical challenges, such as limited to no collateral and late or no participation in the formal work environment.

**Environmental and institutional**

**Structural**

Structural challenges that are present are with regard to entering an environment that was predominantly male-dominated. This is an environment where the incumbent male-owned businesses have already established relationships and networks that make entering the environment by women difficult since they still must cultivate those relationships with their male counterparts (Greene, Brush, Hart & Saparito, 2001).

The structural issues are often not intentional but have become the outcome of a prolonged period of exclusion of women from formally participating in the economy, particularly in the field of entrepreneurship.

**Human capital**

Human capital challenges are due to legacy issues where women are often disadvantaged and unable to demonstrate previous management competencies or management positions in their employment experience to validate their ability to manage and lead a company (Greene, Brush, Hart & Saparito, 2001).

Kgosiemang (2015) presents a different view to the challenges faced by women entrepreneurs, suggesting that employment experience has a significant bearing on the availability of financial, business and social capital to the entrepreneur. According to Kgosiemang (2015), women face a further disadvantage as their
employment experiences are either non-existent or limited. This does not greatly benefit them when they choose self-employment.

**Strategic choice**

Strategic choice challenges where women entrepreneurs are perceived to be less willing to adhere to rapid growth and accept significant loses in ownership of their companies (Greene, Brush, Hart & Saparito, 2001).

Cliff (1998) argues that women are often more inclined towards achieving social fulfilment from the existence of their companies which becomes a great motivation for retaining control versus growth to be able to keep the original focus of their entities. However, Cliff (1998) also argues that this does not mean women are opposed to growth, but that they are risk-averse when it comes to taking on investment risk.

In relation to gender, entrepreneurship and external financing, the larger argument lies in that access to finance forms part of a larger system that inherently disadvantages women due to legacy issues and stereotypes that portray one gender as superior to the other.

**Discrimination versus Disadvantage**

Gender-specific research carried out in the access and usage of credit financing has described the limited to no use of external financing by women in three fundamental ways; structural differences that are present on a firm level, supply-side gender discrimination and the apparent greater levels of risk aversion on the demand side (Carter, Shaw, Lam, & Wilson, 2007).

Coleman (2000) indicates that financiers are not necessarily discriminating on gender, but rather on the size of the company, with strong intentions to lend to bigger and more established companies. Additionally, since on average, the smaller companies are owned by women, the company level discrimination
disadvantages women and can appear to be gender discrimination. The Small Enterprise Development Agency (2012) supports Coleman’s (2000) view and indicates that women-owned companies frequently fall in the informal sector representing the micro and small businesses, with the constant challenge of reaching growth levels that propel them to the formal and mainstream economy. This suggests that women have limited participation in activities that add value and effect change on a wider economic spectrum. This also suggests that these women are either not serviced or under serviced by the formal financial services sector which further limits the growth of their businesses.

Due to the recent acceleration in the participation and entrepreneurial interest of women in the SME sector, it is not a surprise that most women-owned businesses are smaller and young compared to businesses owned by men. Coleman (2000) indicates that lenders do not seem to be exercising gender discrimination with regard to advancing capital to women-owned businesses, however, the discrimination is based on the size of the business, preferring more established and larger businesses. Fay and Williams (1993) stress that this is critical to differentiate between discrimination based on the merits of the credit application and discrimination based on gender. Therefore, the discrimination is said to be based on financial viability and experience of the applicant from the point of view of lenders.

**Access to credit versus terms of credit**

Research performed by Coleman (2000) reports that credit applications that were associated with collateral were either small businesses, unincorporated businesses and service businesses owned by women. The research further emphasises that many of the disadvantages experienced by women-owned businesses fall in the three categories referred to by Coleman (2000), indicating they ought to prepare to put down some form of collateral as the business or in their personal capacity (Naidoo, Hilton, & Melzer, 2006).
In his findings, Coleman (2000) emphasises the difference between access to credit and terms of credit. The results indicated that as much as women-owned SMMEs do have access to credit, the terms with which the credit comes differs to those offered to their male counterparts. The difference in credit terms has also been considered a significant factor in the willingness to pursue external financing and the perceived unavailability of it.

**Formal versus Informal funding**

Women in South Africa, like everywhere else in Sub-Saharan Africa, still face the most challenges affecting and efficiently competing in the economy through entrepreneurial activities, even though women represent a crucial piece in the efforts of promoting entrepreneurship, gender equity through BBBEE, reduction in poverty levels and effectively recreating the black family narrative (Small Enterprise Development Agency, 2012). Various surveys have been conducted in South Africa which indicate that Black women’s financial services consist of Stokvels (savings groups), burial and funeral schemes which can be said to offer very little credit for an enterprise (FinScope, 2011).

Marlow and Carter (2006) offer a counter view based on research that they performed, that gender, in fact, plays a limited role on the credit supply side, however, they observed a distinguished difference on the demand side. Jayawarna, Woodhams and Jones (2012) further indicate that men seek more formal funding advice while women frequently seek more informal funding advice.

**The discouraged borrower**

Kon and Storey (2003) refer to the discouraged borrower theory, which is one of the explanations offered with regards to women and pursuing external credit. This is normally based on the experiences of other women who experience undesired outcomes from their loan applications. This then has the ability to create the belief and fear amongst women-owned businesses that their credit applications will be
rejected. According to Kon and Storey (2003), a discouraged borrower is a potential borrower that does not pursue any credit applications because of the belief that they will be rejected. The perception of discrimination of women-owned businesses in the credit application process further contributes to the discouraged borrower theory.

The theory of the discouraged borrower can provide further explanations to the differences between women-owned businesses who hold the perception of rejection when applying for credit finance versus those that do apply for credit financing. Fielden, Davidson, Dawe and Makin's (2003) research supports the discourage borrower theory, in that women-owned businesses were less likely to pursue credit finance applications because of the belief that they will be rejected.

Elson (1991) argued that attempts to address challenges faced by women are joined to standing male-biased frameworks. Challenges faced by women entrepreneurs are often addressed using the very same frameworks that created them, instead of increasing the influence of women to have a say in how these challenges are addressed. The problem still exists, due to women still being under-represented in influential roles in government, politics, businesses, religion and society.
RESEARCH METHODOLOGY

This research made use of the qualitative methodological approach and methods (Patton, 2015) to examine the awareness of, appetite for and access to credit finance by women-owned businesses in the sampled population.

The literature review conduct for this research in based on the following:

- Published journal articles, working papers and other theoretical publications on SME access to credit;
- Papers/articles found on the websites for suppliers of credit, development financial institutions, banks and other funders; and
- Papers/articles found on the websites for credit regulators and SME advocacy organisations.

Research design

The qualitative research method approach is concerned with getting and understanding experiences, opinions and feelings (Denzin & Lincoln, 2000). Qualitative data can be collected through interviews, questionnaires or observations. Qualitative research is aimed at observations and measurements.

The data collection instrument for this study took the form of a structured questionnaire. The questionnaire had a set of structured and open-ended questions. A structured data collection instrument has the following characteristics (Denzin & Lincoln, 2000):

- The participants are asked the same questions;
- The structure of the questionnaire may present the participant with pre-set answers to select from limiting their response to those pre-set answers; and
- The data collection process follows a structured schedule that is replicated for each participant.

The qualitative research approach offered the following strengths (Atieno, 2009):
• Allows the researcher to gather and manage data without necessary losing the context and complexity of the data;
• Allows for rich discovery in breadth and depth of the topic being studied; and
• The approach allows for the generation of varying ways of viewing data already exists.

However, the qualitative research approach also has specific limitations, they include, but are not limited to the following (Atieno, 2009):

• Qualitative data allows for microscopic comparison between the participants and previous studies;
• Ambiguity is embedded in the qualitative data as the responses are relative to the respondents; and
• Qualitative data also allows for very little extrapolation to the more significant population.

This study made use of the descriptive survey research design. This type of research design seeks to obtain information that describes the condition or landscape by asking participants to share their own opinions, thoughts, attitudes and ideas about a topic of interest (Cooper & Schindler, 2014). Three techniques can be utilised under the descriptive survey research design; these include questionnaires, interviews and surveys to extract information from sampled participants. In survey method research, the participants in the identified sample respond to a set of predetermined questions posed to them through questionnaires and interviews, after that the researcher is only able to analyse, report and conclude on the data collected (Patton, 2015). Descriptive survey research only has the scope to describe the data collected, it cannot draw further conclusions about the causality of the variables involved in the study.
Research population and sampling strategy

Area of study

The research focused on the field of entrepreneurship, focusing mainly on examining the relationship between women who own small businesses and their access to, appetite for and awareness of credit finance for their businesses.

Geographical area

The study was conducted in the Gauteng province, South Africa. The province makes up approximately 1.4% of South Africa’s land area, however it contributes around one third of the country’s GDP (Young, 2017). Although the province is the smallest of the nine provinces in South Africa in terms of land area, it is the most densely inhabited province, with a population of over 14.3 million people (World Population Review, 2017). The province is the economic hub of South Africa and Africa where a sizeable number of nationals and multinationals have set up head offices and use South Africa through Gauteng as a launching pad to the rest of Africa.

According to SEDA (2016), Gauteng province has the most SMEs compared to other provinces, although most them are in the informal sector. The province also has the highest SMEs in the formal sector compared to other provinces.

Target population

This research paper subscribed to the definition of small businesses contained in the National Small Business Act No. 102 of 1996. The Act defines a small business as “a separate and distinct business entity, including cooperative 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 subsector of the economy and which can be classified as a
micro, a very small, a small or a medium enterprise by satisfying the criteria” (Republic of South Africa, 2017; p. 2).

The definition further categorises small businesses into five categories, based on annual turnover, number of employees and gross assets. Small businesses have varying needs, some financial, others are business and individual development related. These needs are mostly motivated by the nature of the business and the growth potential the business owner/s sees in the business. The categories are indicated in the table below, which classifies small businesses as per the National Small Business Act.

Table 1: Small Businesses Categorisation in South Africa

<table>
<thead>
<tr>
<th>Enterprise Size</th>
<th>Number of Employees</th>
<th>Annual Turnover</th>
<th>Gross Assets (Excl. fixed property)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>Fewer than 5</td>
<td>Less than R150 000</td>
<td>Less than R100 000</td>
</tr>
<tr>
<td>Very Small</td>
<td>Fewer than 10 to 20, depending on the industry</td>
<td>Less than R200 000 to R500 000, depending on the industry</td>
<td>Less than R150 000 to R500 000, depending on the industry</td>
</tr>
<tr>
<td>Small</td>
<td>Fewer than 50</td>
<td>Less than R2m to R25m, depending on the industry</td>
<td>Less than R2m to R4.5m, depending on the industry</td>
</tr>
<tr>
<td>Medium</td>
<td>Fewer than 100 to 200, depending on the industry</td>
<td>Less than R4m to R50m, depending on the industry</td>
<td>Less than R2m to R28m, depending on the industry</td>
</tr>
</tbody>
</table>

(Republic of South Africa, 2017)

The women-owned businesses definition that was adopted for this research for consistency is the one defined by McClelland, Swail, Bell, and Ibbotson (2005; p. 87), “as one which is at least 51 % owned by one or more women or, in the case of any publicly-owned business, at least 51 % of the stock of which is owned by one or more women; and the management and daily business operations of which are controlled by one or more women.”
Sample size and sampling procedure

For this research, purposive sampling has been selected as the preferred sampling technique considering the unique characteristics of the research being undertaken. The purposive sampling technique is widely used in the qualitative research space, primarily for the selection and extraction of rich information for the research being conducted (Patton, 2015). This type of sampling technique is a non-probability sampling method, it specifically looks at identifying and selecting participants based on their knowledge or experience with the research topic, and that can assist in responding to the research questions (Creswell & Plano Clark, 2011). Purposive sampling also often referred to as judgement, deliberate or selective sampling, is characterised by the researcher's selection of a sample based on their knowledge of the study and the targeted population. Apart from the knowledge and experience noted above, Bernard (2002) stresses the importance of the participant's ability, availability and willingness to participate in the study, to communicate their opinions and experiences. Patton (2015) further emphasises that qualitative methods are best utilised to attain in-depth knowledge and understanding of the research interest.

The main advantages of purposive sampling are that it is a cost and time effective sampling method and it allows sampling when there are limited data sources who can participate in the study with the type of research questions being addressed. The main disadvantage is that purposive sampling can be unintentionally susceptible to selection error and bias due to the lack of random sampling.

Data collection methods and procedures

The study made use of questionnaires to collect primary data from the sampled population of women-owned small businesses in different areas in the Gauteng province, South Africa. The questionnaires consisted of closed-ended and questions with pre-set answers structured across five sections to address the research questions.
The questionnaire was distributed to a targeted population of women who own small businesses in the micro to small categories as per the Republic of South Africa (2017) categorisation of small businesses. The questionnaire was electronically distributed by way of distributing an anonymous link to the targeted population of 50 women fitting the profile. The anonymous link was active for a period of two weeks (14 days), after that period the link was closed and no further responses were collected.

The questionnaire was structured into five sections:

- General demographics;
- Women business owner profile;
- Business profile;
- Access to credit and knowledge of credit providers; and
- Business support.

The questionnaire was preferred as the primary data collection method in this study, considering the time and budget constraints, as it would allow the researcher to gather more data across a more significant population, thereby attempting to cover different perspectives on the same research questions (Patton, 2015).

**Validity of the research instruments**

Validity in research is concerned with how well the chosen data collection instruments measure the intended findings. There is internal validity which looks at the magnitude to which the results obtained can be attributable to the variable in the research or an external explanation. External validity seeks to cover the extent to which the results obtained from the study can be generalised to a wide population.
The questionnaire was reviewed by the researcher’s supervisor to assess the degree to which the instrument can measure and determine the content of the phenomenon being studied.

**Reliability of the research instruments**

During the research proposal stage, the research instruments were given to MBA candidates, who were not in the final sample, to review and complete. Upon correction and revisions, the same instrument was then administered to the intended sample by way of an online questionnaire, the results were captured and analysed.

**Data analysis techniques**

The data captured was checked for completeness, edited, coded and then exported from Qualtrics into the researcher’s computer. Descriptive statistics and Excel were used to summarise the data and establish characteristics of the study population. The tools of analysis used to present the findings are frequency distributions, percentages and graphs.

**Ethical considerations**

Ethical clearance approval was sourced from the University of Witwatersrand Ethics committee. The respondents are assured of complete anonymity and confidentiality of the data collected and that the data collected would only be used for the stated academic purpose.

All the data and information that is captured and used in this research paper is either publicly available or can be accessed with little difficulty. There are no ethical considerations that needed to be considered other than where the work of other researchers is used, they are fully acknowledged in-text and in the reference list.
RESULTS AND DISCUSSION

Response rate

The survey was distributed online to the population of females who own small businesses in the Gauteng province. 68 responses were collected in total with only 49 (72%) of the respondents fitting the sample profile of being a female and owning a small business in Gauteng.

Results of women small business owner profile

Section 1 of the questionnaire collected data on the business owner profile. The information provides an indication to the reader as to the age, marital status, dependents, as well as previous and current occupation of the small business owners.

Table 2: Age group classification of respondents

<table>
<thead>
<tr>
<th>Age Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 - 24</td>
<td>4</td>
<td>8.16%</td>
</tr>
<tr>
<td>25 - 30</td>
<td>14</td>
<td>28.57%</td>
</tr>
<tr>
<td>31 - 35</td>
<td>10</td>
<td>20.41%</td>
</tr>
<tr>
<td>36 - 40</td>
<td>9</td>
<td>18.37%</td>
</tr>
<tr>
<td>40 &amp; Above</td>
<td>12</td>
<td>24.49%</td>
</tr>
<tr>
<td>Total</td>
<td>49</td>
<td>100%</td>
</tr>
</tbody>
</table>
Many of the small businesses are managed by women in the age group of 25-30 years old (28.57%). 24.49% represents the number of respondents who run a small business who are over the age of 40 years old. Only 8.16% and 18.37% of the respondents represent small business owners in the age group 18-24 and 36-40 respectively. Overall, 57.14% represents the number of respondents below the age of 35 years, indicating the popularity and interest by young people in entrepreneurship in the sample group.

The sample group indicates that the majority (77.55%) of the women in the sample are unmarried and 77.55% of the women have dependents. 40.43% of the sample represented women who are currently in some form of employment, be it permanent or part-time, and the remaining 46.81% are self-employed.

Results of small business profile

The survey collected data on the business profile. The business profile provides information on the type of business, industry the business operates in, life of business, business bank account, employees employed and business annual turnover.

The majority (50%) of the businesses are registered as private companies and 5.42% operate as sole proprietorships. A substantial number (62.50%) of the businesses operate in the services industry, 16.67% in the trade industry and the least (4.17%) in manufacturing industries. In addition, 68.75% of the businesses having been in operation for a period of no more than three years. What was encouraging to see was that 83.33% of the businesses do have a separate business bank account, keeping business and personal finances separate.

72.92% of the businesses employed fewer than five people, 77.08% have a turnover of R250 000.00 or less and in 82.42% of the businesses, the owner manages the businesses finances. More than half (56.25%) of the respondents
indicated that their businesses operate from home, which is in line with that the majority of the respondents’ businesses are in the services industries.

First objective: access to credit finance for women-owned small businesses

The first objective of this study was to assess the access to credit finance by women-owned small businesses. The access was examined by looking at the items that feed into qualifying for credit, such as having access to collateral, having business and financial records, having business insurance and understanding the reasoning behind not applying for credit finance for their businesses.

62.5% of the respondents indicated to being sole or part owners of some form of property or land compared to the 37.5% that did not own any. 58.33% of the respondents have a business plan, a business plan which contains the strategy, breakdown of the operations and financial information which also forms part of being able to tender a credit application, while 72.92% of the respondents indicated not having their business insured.

Figure 1 sums up the main reasons of why 70.83% of the respondents have not applied for credit finance for their businesses. The main reason is a low-risk tolerance or fear of debt (35.14%) secondly, they do not think they will qualify for the credit finance products (24.32%) and thirdly, the search for credit finance products is considered too difficult (13.51%).
Figure 1: What is the main reason for not applying for credit finance

Second objective: appetite for credit finance for women-owned small businesses

The second objective of this study was to assess the appetite of credit finance by women-owned small businesses. The appetite for credit finance was assessed by whether the women business owners have attempted to apply for credit for themselves or their businesses and what funding options they are relying on for their businesses.

The majority (70.83%) of the respondents indicated never having applied for credit finance for their businesses, while 56.25% of the same respondents have applied for personal credit.
A significant majority of the respondents indicated the source of initial business funding to be personal savings (81.25%), followed by family and friends (8.33%) and 2.08% approached a bank for a loan.

93.75% of the respondents indicated that they are planning on growing their operations and revenue in the next 18 to 36 months. The type of funding they will be relying mostly on is business savings (60%), personal savings (17.78%), family and friends (8.89%) and grant funding (8.89%).

Third objective: awareness of credit finance for women-owned small businesses

The third objective of this study was to assess the awareness of credit finance and the effect of the level of literacy, prior work/managerial experience, prior attempts to apply for credit finance and knowledge of credit finance providers on access to credit finance by women small business owners in the Gauteng province.


<table>
<thead>
<tr>
<th>Level of education</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never been to school</td>
<td>1</td>
<td>2.08%</td>
</tr>
<tr>
<td>Primary education</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Secondary education</td>
<td>6</td>
<td>12.50%</td>
</tr>
<tr>
<td>FET college</td>
<td>4</td>
<td>8.33%</td>
</tr>
<tr>
<td>University graduate</td>
<td>37</td>
<td>77.08%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>49</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

The level of literacy was assessed in terms of their formal education backgrounds. The majority (85.41%) of the respondents are either FET or university graduates and only 2.08% represents respondents had no formal education/never been to school. 70.83% of the respondents have prior managerial experience in the current or previous occupations.
66.67% of the respondents indicated that they are aware of where to go for credit finance application while 33.33% indicated that they would not know where to go. Further, 62.50% of the respondents indicated knowing someone who has applied for credit finance for their business compared to the 37.50% that did not.

29.17% of the respondents indicated having applied for credit finance products for their businesses in the past. They approached three main institutions, namely commercial banks (78.57%), government agency/development finance institution (14.29%) and venture capitalists (7.14%).

**Secondary objective: non-monetary business support activities for women-owned small businesses**

The study also examined the access and need for non-monetary business support activities by women who own small business in the Gauteng province. The respondents were asked to indicate whether they had received any training
on the management of a business. 70.83% of the respondents indicated not having received any business training compared to the 29.17% that indicated that they have received some form of business training in the past.

Figure 4: Non-monetary business support services needed

The respondents were further asked to indicate which non-monetary business support services their business could benefit from. Table 4 indicates access to market (24.04%), business coaching (23.08%), industry and economic information (14.42%) and business planning and administration (12.50%) as being the type of business support services the respondents were most in need of for their businesses.
Table 4: Non-monetary business support services needed

<table>
<thead>
<tr>
<th>Business support service (Most in demand)</th>
<th>Business support service (Least in demand)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Service</strong></td>
<td><strong>Service</strong></td>
</tr>
<tr>
<td>Access to market</td>
<td>Market research</td>
</tr>
<tr>
<td>Business coaching</td>
<td>Health and economic information</td>
</tr>
<tr>
<td>Industry and economic information</td>
<td>Business idea interrogation</td>
</tr>
<tr>
<td>Business planning and administration</td>
<td>Credit education</td>
</tr>
</tbody>
</table>

Ways to improve awareness and access to credit finance products for women-owned SMEs

The study further sought insight from the respondents in terms of how awareness and access to credit finance products can be improved for women-owned businesses. The following themes were gathered from the responses provided:

- Localised communication to the level of the target population;
- Credit and financial coaching;
- Less stringent credit qualifying requirements;
- Contract finance;
- Better representation of women in roles within credit finance institutions to be able to influence the lending models and communication of those lending models;
- Tailored products – Not all women are the same;
• Risk sharing vehicles; and
• Minimum funds to be disbursed by commercial lenders to women-owned businesses to be tied to performance and maintenance of the banking licences.

Summary of key findings

This study achieved 49 responses from women who owned small businesses in Gauteng, achieving a 98% response rate. 57.14% of the respondents were less than 35 years of age, 42.86% were over 35 years of age. Half of the businesses were registered as private companies and 35.42% were sole proprietorships. 68.75% of the respondents had their businesses in operation for three years or less.

Firstly, on the access to credit finance research objective, 62.5% of the respondents indicated as being sole or part owners of some form of property or land compared to the 37.5% that did not own any. 58.33% of the respondents have a business plan, a business plan which contains the strategy, breakdown of the operations and financial information which also forms part of being able to tender a credit application, while 72.92% of the respondents indicated not having their business insured.

Secondly, on the appetite for credit finance research objective, 70.83% of the respondents indicated that they have never applied for credit finance for their businesses, while 56.25% of the same respondents have applied for personal credit.

Thirdly, on the awareness for credit finance research objective, 85.41% of the respondents are either FET or university graduates and only 2.08% represents respondents who have no formal education/never been to school. 66.67% of the respondents indicated that they are aware of where to go for credit finance application while 33.33% indicated that they would not know where to go. Further,
62.50% of the respondents indicated knowing someone who has applied for credit finance for their business compared to the 37.50% that did not.

29.17% of the respondents indicated having applied for credit finance products for their businesses in the past. They approached three main types of institutions, namely, commercial banks (78.57%), government agency/development finance institution (14.29%) and venture capitalist (7.14%).

The respondents were further asked to indicate which non-monetary business support services their businesses need the most; access to market (24.04%), business coaching (23.08%), industry and economic information (14.42%) and business planning and administration (12.50%) are the business support services that had the most responses.

Solutions were identified by the respondents to improve awareness and access to credit finance products for women-owned small businesses. The feedback included; having localised communication to the level of the target population, provision of credit and financial coaching, less stringent credit qualifying requirements and having a better representation of women in roles within credit finance institutions to be able to influence the lending models and communication of those lending models.
DISCUSSION

The research sought to examine whether there is a women-owned small business financing gap, by examining the access to, appetite for and awareness of credit finance products by women-owned small businesses in the Gauteng province.

A significant majority of the respondents were below the age of 35 years old; this indicates that the youth are increasingly considering entrepreneurship as a viable option to generate an income. Close to half of the respondents specified that their businesses are registered as private companies; this provides some indication that the process of being able to register a company through the Companies and Intellectual Property Commission (CIPC) is designed to sufficiently assist small businesses. An overwhelming majority of the businesses owned by the respondents have been in operation for three years or less, indicating that the women who own these businesses do have considerable experience in business. This experience then positions the women business owner to be able to at least approach credit finance providers and she would be able to produce a history record of operations for the period.

First objective: Access to credit finance

70.83% of the respondents have never attempted to apply for credit finance for their businesses. The results of the study indicate the availability of a potential market where credit providers can play a further role in the support of small businesses in the country. However, this also suggests that credit finance is not considered the first option for women-owned businesses. Orser and Foster (1994) indicated that the 5C bank lending model (character, capacity, capital, collateral and conditions) had been applied to the disadvantage of women entrepreneurs. However, what this study has highlighted is that although women entrepreneurs do face more barriers than their male counterparts, the respondents own some form of security, they do have formal work and managerial experience as well as having operational businesses that can
demonstrate history and a proven business case. It should however be noted that many of the respondents are youth in the Gauteng province where opportunities are considered to be in abundance and more frequent.

Greene, Brush, Hart and Saparito (2001) indicated that, due to legacy issues, women are often disadvantaged and unable to demonstrate previous management competencies or management positions in their employment experience to validate their ability to manage and lead a company. The outcome of this research however portrays the women small business owners in Gauteng to be educated and as having formal work and managerial experience, which further shows that the woman small business owner does have the character and capabilities to manage and lead a company.

Kgosiemang (2015) presents a different view to the challenges faced by women entrepreneurs, suggesting that employment experience has a significant bearing on the availability of financial, business and social capital to the entrepreneur. This research suggests that employment experiences does not always afford the woman business owner the same access or creation to the business and social capital to be able to leverage for their own businesses.

A significant majority of the respondents indicated to not having applied for credit finance for their businesses, mostly citing low-risk tolerance, not thinking they would qualify and the difficulty of searching for credit finance products. This is consistent with Kon and Storey (2003) who refer to the discouraged borrower, where there is a belief and fear that is created amongst women-owned businesses that their credit application would be rejected. Women still hold a certain fear of the credit process or credit itself which causes them to disqualify themselves and others from the process. This comes back to challenging business, academia and the SME community to diagnose the issue around the access, awareness and appetite for credit finance for women-owned businesses.

The study further echoed Abubakar’s (2015) research in highlighting the difficulty that is experience in the search for credit finance products. This process is also
exacerbated by the limited awareness in knowing specifically which institutions to approach for the various credit finance products. This adds further frustration to the credit search process by the women business owners.

**Second objective: Appetite for credit finance**

Overall, women demonstrate less confidence in the financial space; this is evident by more than 59.46% of the respondents indicating a level of fear in obtaining credit or having a perception that they would not qualify for the credit process. This supports Naidoo and Melzer’s (2006) research in that the historical roles assumed by women which involved little to no participation in the space of finance or risk-taking ventures may still have an influence on their current participation. Therefore, this perception still influences the continued participation of women and women-owned businesses in the credit space which requires a significant amount of risk to be considered.

The services and products that have normally been offered by banks are often not affordable, with collateral being highlighted as of importance in the process of securing credit (World Bank Group, 2011). This creates a further perception of the difficulty in accessing credit finance for women-owned businesses. The message that is portrayed is that, if the women entrepreneurs does not have security to back their transaction, then they will not be able to fully participate in the process.

The source of initial business funding for an overwhelming majority of the respondents was either personal savings or approaching family and friends, indicating the limited appetite to approach credit providers for credit finance. Even when the respondents were asked what funding solutions they would rely on in the future to expand their businesses, credit finance was overtaken by personal and business savings.

The respondents further confirmed that women entrepreneurs do face further non-monetary challenges such as limited women role models, challenges in
gaining the confidence of their business stakeholders, limited business development support, limited business and industry-specific training and limited industry related experience. This is consistent with the research by Das (2000) and further reduces the appetite to engage in the credit application process for women entrepreneurs.

Third objective: Awareness of credit finance

66.67% of the respondents indicated that they are aware of where to go for credit finance applications while 33.33% indicated that they would not know where to go. The GEM 2017 report conducted by the Global Entrepreneurship Monitor (2017) also analysed awareness of the SEDA amongst the adult population. The results indicated that of the population studied, only 25% had an awareness of SEDA. The GEM 2017 highlights that while the respondents might be aware of a credit provider they can approach, the question becomes do they know the right credit provider to approach for their type of business and the type of credit products they require. The GEM 2017 provides some proof that the awareness of the variety and specific credit providers based on the credit products and business needs is still lacking.

As much as Egbo (2000) indicates that general literacy has not been achieved across Sub-Saharan Africa, the majority (85.41%) of the respondents are either FET or university graduates and only 2.08% represents respondents who have no formal education/never been to school. This indicates that from the respondents, the woman business owner is not that far behind in terms of general literacy as normally portrayed in popular media. It should be noted that the research was carried out in Gauteng which is considered the economic hub of South Africa and Africa as a whole. Therefore, the levels of literacy indicated by the research could only be representative of the geographic location versus reflecting a wider population. In addition, there is also a theme that surfaced from this study that elevated levels of education are not necessarily associated with high access, awareness of or appetite for credit finance.
Secondary objective: Ways to improve the access and awareness

Elson (1991) argued that attempts to address challenges faced by women are integral to existing male-biased frameworks, in that challenges faced by women entrepreneurs are often being addressed using the very same frameworks that created them, versus increasing the influence of women to have a say in how these challenges are addressed. The study gathered insight from the respondents to understand in what ways that access and awareness can be improved, which in turn, would potentially see an increase in the appetite.

The main themes identified are consistent with Elson’s (1991) research pertaining to the challenges faced and the challenges that need to be addressed in the credit finance space. This will potentially see women having a greater involvement in the solutions and responses to the challenges. The main themes identified were tailored communication and products to the level of the target population, less stringent credit qualifying requirements and better representation of women in roles within credit finance institutions to be able to influence the lending models and the communication of those lending models.

Limitations

The main limitations of the research have firstly been on the focus on women-owned micro to small businesses in Gauteng province. This has then presented a specific image which could or could not be consistent with other groups of small businesses in the country. Secondly, the sample size was limited to only 50 participants. This played a significant role in how the data was interpreted in relation to the small business community and the extent to which the data could not be generalised to be a representation of the women-owned small businesses community in South Africa. Thirdly, the survey was administered online therefore, any woman business owner who fitted the targeted population profile but did not have access to a device with internet connectivity, would automatically not have
been able to participate in the study. A generous portion of the informal small businesses market was then mostly likely not covered by the study.

**Suggestions for further research**

The scope of the research was focused on assessing the access to, appetite for and awareness of credit finance products by women-small businesses.

The topic of credit finance, particularly for women-owned small businesses is a function of a variety of factors from the demand aspect, supply aspect as well as environmental and structural factors. Therefore, future research can consider looking at the supply aspect of the access of credit finance by women-owned small businesses.

Future research on this topic would need to consider the above limitations in terms of how to address them in the design of the study. The consideration of these suggestions could increase the value of the research, such as a significantly bigger sample group, research to be carried out across the nine provinces and the method of data collection to be inclusive. This will allow the results to be a representation of a greater population geographically and demographically.
CONCLUSION

The age of women who own small businesses indicates that the youth are getting more and more interested in entrepreneurship and considering this as a viable option. The idea and image of a woman entrepreneur being one of limited or no formal education and work experience has not been the case with this study. Majority of the respondents are FET college or university graduates with formal work experience and at least half of the respondents’ own property or land which can be used as security for credit finance applications.

While the respondents might be aware of a credit provider they can approach, the awareness of the right credit provider to approach for their type of business and the type of credit products they require appears to be limited. Personal savings represented the most popular source of initial business funding and credit finance the least. The appetite is there by the women respondents to grow their businesses, however their first choice to expanding their business is business savings and personal savings before considering a credit application. This implies that there is little to no appetite for credit finance products.

An overwhelming majority of the respondents have never applied for credit finance for their businesses, however more than half have applied for personal credit. The main reasons for not engaging in the credit finance process were indicated as the fear of debt on a business level, thinking that the applicant would not be able to qualify and the difficulty around the search for credit finance products for their businesses. What is important to understand is where the fear is rooted before starting to put together solutions to address the fear of credit. The gap that exists is around removing the fear out of the credit process and the perception that women have more difficulty in being successful in the credit process which causes further discouragement.

Over and above monetary support, non-monetary business support still plays a key role in the success of a business. The respondents identified business coaching, access to market and business planning and administration as the core
business support services their businesses would benefit from. This does mean that it is no longer sufficient to merely address the access and availability of monetary support for women-owned businesses. However, the loop must be completed in such that non-monetary support is extended to women-owned businesses pre-credit application and post-disbursement of monetary support. This approach will invite collaboration across the public and private sectors in terms of addressing the gaps to start unlocking the growth potential through propelling women-owned businesses in the economy.
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