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Financing gender gap: Factors affecting women-owned SMEs in the City of Johannesburg

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Financing gender gap: Factors affecting women-owned SMEs in the City of Johannesburg

by

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CHAPTER 1. INTRODUCTION

1.1 Introduction

This chapter provides the study's background. It also presents the research problem statement. The research objectives of the study are outlined in this chapter. The rationale behind the study is also discussed. In Section 1.6, the delimitations of the research are described, while Section 1.7 outlines the structure of the chapters that follow.

1.2 Background to the Study

Entrepreneurship has the potential to stimulate economic growth, promote inclusivity, reduce poverty and unemployment, and create a thriving economy in South Africa (Bowmaker-Falconer & Meyer, 2022; N. Meyer, 2022).

As gender norms undergo significant changes worldwide, more women are starting their entrepreneurial ventures (Zaato et al., 2023). South Africa's socio-economic background has strong influence on entrepreneurship. Women's ability to participate in the economy is impacted historical inequality and traditional beliefs that confined women to limited roles, limiting their access to assets and formal financial systems (Tirivangasi, 2017; Voster & Thaba, 2025). Fostering entrepreneurship education among women and girls in South Africa: Destroying the gendered and encultured patriarchy. Research suggests that female entrepreneurship (Fornell & Larcker, 1981) is a powerful economic growth and development tool for local communities and developing African nations (Abdisa & Hawitibo, 2021; Bowmaker-Falconer & Meyer, 2022; Sajjad et al., 2020). The Global Entrepreneurship Monitor (GEM, 2022) TEA ratio shows an improving trend in South Africa, with the participation of women in early stage entrepreneurship increasing from 9,6% in 2019 to 16,5% in 2021. For every 100 enterprises launched by men, only 86 are started by women. This disparity highlights the crucial need for continued efforts to address the challenges encountered by female entrepreneurs, such as restricted access to funding and resources (Bowmaker-Falconer & Meyer, 2022).

Access to financing is often identified as a major hurdle hampering entrepreneurial success (Abdisa & Hawitibo, 2021). Research suggests that female entrepreneurs encounter more obstacles than male entrepreneurs when accessing debt and equity financing, limiting their ability to establish and scale their businesses (Halabisky et al., 2023). Financial resource accessibility is fundamental for small and medium enterprises (SMEs) to drive performance and growth (Abdisa & Hawitibo, 2021; Hwang et al., 2019; Morsy, 2020).

1.3 Research Problem

Despite the progress in understanding the gender disparity in female-owned small and medium enterprises in emerging economies such as South Africa, significant gaps persist, especially at regional levels. While existing research provides insights into the broader national factors influencing this disparity, there is still a lack of focused studies examining specific urban areas such as the City of Johannesburg. There is a need to explore factors influencing women-owned SMEs' access to financing within Johannesburg's unique socio-economic and institutional context. By addressing this gap at the subnational level, the study aims to provide insights that can inform interventions and policy measures aimed at promoting financial inclusion and gender equality in entrepreneurship within urban centres such as Johannesburg.

1.4 Research Objectives

The study intends to understand barriers that restrict access to credit in women-owned SMEs. The research objectives are as follows:

- To identify the socio-economic and institutional factors specifically limiting access to finance for women-owned SMEs in Johannesburg.
- To analyse the perceived gender-based barriers and challenges when women entrepreneurs access financing through formal institutions in the City of Johannesburg.

1.5 Rationale of the Study

The existing funding gap discourages women from starting businesses and participating in the financial system (Radebe & Smith, 2023). The gap must be narrowed to facilitate economic growth and inclusion. Furthermore, unleashing women's entrepreneurial potential is central to fostering a sustained and inclusive economy (Mastercard, 2022). The study will contribute to the body of literature from a feminist viewpoint at a subnational level.

1.6 Limitations of the Research

A key limitation of this research is its geographical focus, as the study is confined to the City of Johannesburg. Consequently, caution should be exercised when applying the findings to contexts outside Johannesburg.

The other limitation is that the use of an online survey can create bias towards participants who lack online presence and reliable internet access.

1.8 Structure of the Study

The study is structured as follows:

- Chapter 1 provides a brief background on the significance of entrepreneurship and identifies the research problem, the objectives, and the study rationale.
- Chapter 2 provides a literature review, management theories, and a conceptual framework.
- Chapter 3 details the research methodology covering the target population and sample selection, data collection methods, data gathering procedures, techniques used for data analysis, and adherence to ethical guidelines throughout the study.
- Chapter 4 presents the study's results, highlighting the achieved population, sample characteristics, detailed data analysis, and reliability tests.

- Chapter 5 provides conclusions and recommendations.

Chapter Summary

Chapter 1 provides an overview on why entrepreneurship is important, with a focus on women entrepreneurs and how they access financing needed to for their business ventures. It lays out the research question the study is trying to answer, outlines the objectives, and explains why the research matters. The chapter provides limitations and notes that scope centered on Johannesburg, and it may miss individuals with limited internet access due to reliance on online surveys to gather data. Lastly, it provides the study's structure.

CHAPTER 2. LITERATURE REVIEW

2.1 Introduction

The previous chapter provided an introduction and background to the study. This chapter presents the theories underpinning this study and the empirical literature on women's financing gap. It is structured as follows: Section 2.2 discusses the management theories underpinning the study. Section 2.3 presents women's entrepreneurship and access to funds. Section 2.4 discusses the factors influencing women entrepreneurs' funding.

2.2 Underpinning Management Theories

This section discusses underpinning management theories.

2.2.1 Gender-based Theory

Gender dynamics are critical in exploring gaps in access to finance amongst entrepreneurs, as gendered norms and biases inform individual experiences and institutional habits (Strawser et al.,2021). To analyse the challenges and barriers faced by women it is Important to refer to established gender-based theories that explain how gender influence access to financing (Li et al., 2025).

2.2.1.1 Gender Role Theory

In Africa, gender inequalities are firmly rooted in the socio-economic, cultural, and religious fabric, with elements such as economic barriers, educational deficits, and religious doctrines playing a role (Odusanya et al., 2023). While gender-based theory encompasses various issues (Sedlander et al., 2022), this study focuses on the prevailing gender inconsistencies in financial access. Research suggests that there is unconscious bias in granting credit to women (Bullough et al., 2022; Malmström et al., 2023; Reddy & Gopalan, 2023).

2.2.1.2 Statistical Discrimination Theory

Statistical discrimination theory suggests that decision-makers, such as financiers, may rely on aggregate group characteristics when evaluating individuals under conditions of uncertainty (Fang & Moro, 2010). The approach is not necessarily meant to be discriminatory, but it is used to overcome information asymmetry in decision making (Fang & Moro, 2010). Chundakkadan & Sasidharan (2021) add that prejudice in the debt market arises because of financiers' inclinations and assumptions about women or the use of statistical observations to overcome information asymmetry. Cowling et al. (2020) argue that discriminatory gender attributes discourage women from seeking funding.

2.2.1.3 Glass Celling Theory

Glass ceiling usually refers to invisible barriers that prevent women from rising to leadership roles within corporates structures (Bosse & Taylor, 2012). Research continues to support the relevance glass ceiling theory in explaining gender disparities in entrepreneurship (Bosse & Taylor, 2012, Pugalia & Citendamar, 2022, El-Fiky, 2023). In entrepreneurial studies, gender bias that limits women entrepreneurs from accessing financial capital, and mentorship and training to advance their operations (Bosse & Taylor, 2012, EL-Fiky, 2023) is classified as glass ceiling. Research by Bose & Taylor (2012) reveal that even when controlling for creditworthiness women entrepreneurs received lower loan amounts and are subject to higher interest rates. These barriers prevent women entrepreneurs from reaching their full potential (Bose and Taylor 2012).

2.2.2 Institutional Theory

The institutional theory posits that formal organisations conform to established rules (Meyer & Rowan, 1977); institutions and individuals are influenced by their broader societal context governed by customs and rules (Sun et al., 2020). In entrepreneurship, institutional support constitutes support for entrepreneurial activities through informal and formal institutions (Nadia et al., 2023). Formal institutions are characterised by their defined rules and structures, encompassing governmental policies, legal frameworks, and regulations supporting economic, social, and political engagements (Boucher et al., 2023;

Sahasranamam et al., 2021). They provide entrepreneurs with financial aid, monetary support, advisory services, as well as technical and legal advice (Nadia et al., 2023). Conversely, informal institutions include unwritten cultural practices, social norms, traditions, and collective values that shape and influence entrepreneurial behaviour (Sahasranamam et al., 2021).

Government support that encourages entrepreneurship includes policies and efficient bureaucratic systems, targeted mentorship programmes and financial literacy initiatives (Rahim et al.,2022). On the other hand, excessive regulations, limited economic freedom, and inadequate infrastructure stifle innovation and deter investment (Abdisa & Hawitibo, 2021; Boucher et al., 2023).

Governments increasingly acknowledge the importance of empowering women's entrepreneurship through supportive initiatives that foster female-led businesses (Zaato et al., 2023). In South Africa, the International Finance Corporation (IFC,2020) reported that small business owners are uninformed about the existence of financing options beyond conventional bank credit, and those aware have limited access to this funding due to the bureaucratic hurdles and stringent application requirements, making it difficult to secure conventional loans (IFC, 2020).

2.2.3 Social Capital Theory

Social capital encompasses the connections and interactions within a network that contribute to the enhanced efficiency concept of social capital concerning entrepreneurship by introducing 'bonding' social capital, which involves close connections, and "bridging" social capital, which involves diverse connections (Neumeyer et al., 2019). Social capital represents the value entrepreneurs gain from their networks (Jalil et al., 2023), manifesting through tangible and intangible assets and new knowledge from collaboration (Al-Omoush et al., 2020) and identifying opportunities beyond traditional institutional support (Wu et al., 2024). According to Neumeyer et al. (2019), female entrepreneurs often prioritise social networks and engagements while building bridge capital contingent on the nature of their ventures. Supporting this view, the IFC (2020) found that numerous enterprises in South

Africa rely on flexible and informal financing methods, including personal savings and advances from family and friends.

2.3 Women Entrepreneurship and Access to Finance

SMEs have the potential to moderate unemployment and foster social development. SMEs serve as a foundation of several developing economies and a base for a stable, sturdy, and successful microeconomic landscape (Rungani, 2022). The IFC (2020) reveals that approximately half to three-fifths of South African workers earn a living from SMEs, contributing around one-third to the gross domestic product (GDP) (IFC, 2020). The Global Entrepreneurship Monitor (GEM, 2023) report emphasises that new enterprises create job opportunities, generate earnings and add value to the economy. SMEs in Africa currently account for 80% of total employment, and women make up 58% of self-employment throughout Africa, which contributes about 13% to the continent's overall GDP (Radebe & Smith, 2023).

Women entrepreneurs have a vital role in developing countries. They generate work opportunities (GEM, 2022), advance social well-being, and promote women's empowerment (Sajjad et al., 2020). Promoting entrepreneurship is especially important for developing economies such as South Africa, where widespread poverty and high levels of unemployment prevail (Meyer, 2022). According to the Mastercard Index of Women Entrepreneurs, there is a US$42 billion gender financing disparity in sub-Saharan Africa (Mastercard, 2022).

2.4 Factors Affecting Women Entrepreneurs' Access to Finance

Globally, there is a consistent trend of fewer female entrepreneurs than their male counterparts, highlighting the need to address this disparity to ensure equitable distribution of economic opportunities (Meyer, 2022). Studies suggest that female-owned businesses have a lower chance of securing formal financing approvals than male entrepreneurs (Chundakkadan & Sasidharan, 2021; Singh et al., 2022). While women are increasingly involved in entrepreneurship, various challenges hinder them from realising their full

potential. Researchers identify several barriers to female entrepreneurship, including limited access to funding, skill gaps, inadequate supportive infrastructure, ineffective policies and systems, and cultural barriers (Bowmaker-Falconer & Meyer, 2022). Additionally, a firm's performance significantly depends on its ability to access and effectively use financial resources (Abdisa & Hawitibo, 2021).

Some researchers suggest that gender disparities in access to credit may stem from demand factors such as risk avoidance, financial literacy (Morsy, 2020), lack of confidence and self-doubt (Meyer, 2019).

Supply side factors include collateral requirements, interest rates (Morsy, 2020), complex application processes, and strict qualification criteria (IFC, 2020; Halabisky et al,.2023). These factors can influence banks' capacity to extend credit and firms' ability to secure external funding (Aristei & Gallo, 2022). To bridge the gap in financial inclusion, gender-specific barriers must be tackled, and social norms that perpetuate biases against women (Roy & Patro, 2022) and skills shortages (Morsy, 2020) must be reformatted.

Robb and Wolken (2002) provide a different perspective that gender-based funding disparities may be attributed to structural factors, including age, size of the business, industry of the business, as well as individual characteristics such as risk tolerance and financial literacy. However, multiple studies in recent years have shown evidence of gender discrimination faced by women entrepreneurs (Aristei & Gallo, 2022; Reddy & Gopalan, 2023) when accessing financing, such as conservative lending criteria by lenders and insufficient collateral (Morsy, 2020; Singh & Dash, 2021).

2.5 The Impact of COVID-19 on Women-owned Businesses

The COVID-19 pandemic had a critical global effect on economies. In 2020, the worldwide GDP fell by 3,5% due to lockdowns associated with the pandemic, reduced consumer demand, and interruptions in supply chains Organisation for Economic Co-operation and Development (OECD, 2022). The pandemic had an overwhelming impact on the economic involvement of women. This is primarily because women-led businesses are often situated

in sectors hit the hardest by the pandemic, coupled with a scarcity of varied financial resources (Rahayu et al., 2023). Female-owned businesses are typically smaller with less resilience, and women often bear a greater share of family responsibilities (GEM, 2022). However, the proportion of women starting businesses out of necessity in South Africa increased from 62% to 91,2%, largely due to employment reductions during the COVID-19 lockdowns (Radebe & Smith, 2023).

COVID-19 exposed the financial vulnerabilities of many enterprises (Liu et al., 2021) and aggravated the funding disparity because of stringent credit allocation by traditional financial institutions (Mamaro & Sibindi, 2022). Bayai et al. (2023) reveal that post-COVID-19 funding options for female entrepreneurs decreased substantially. The pandemic impacted most financing channels, which hindered women-owned SMEs from obtaining timely financial support (Bayai et al., 2023).

2.6 Conceptual Framework

Based on the management framework and literature review, a conceptual framework concerning access to finance was completed, adopted from a study by Awunyo-Vitor (2018). This framework, along with its variables related to supply and demand factors, has been identified to have an association with access to finance, as discussed by Awunyo-Vitor (2018), Roy and Patro (2022), and Xie and Wu (2022). The aim of the framework is to investigate the connections, intersections, and relationships among these variables and evaluate their influence on access to finance.

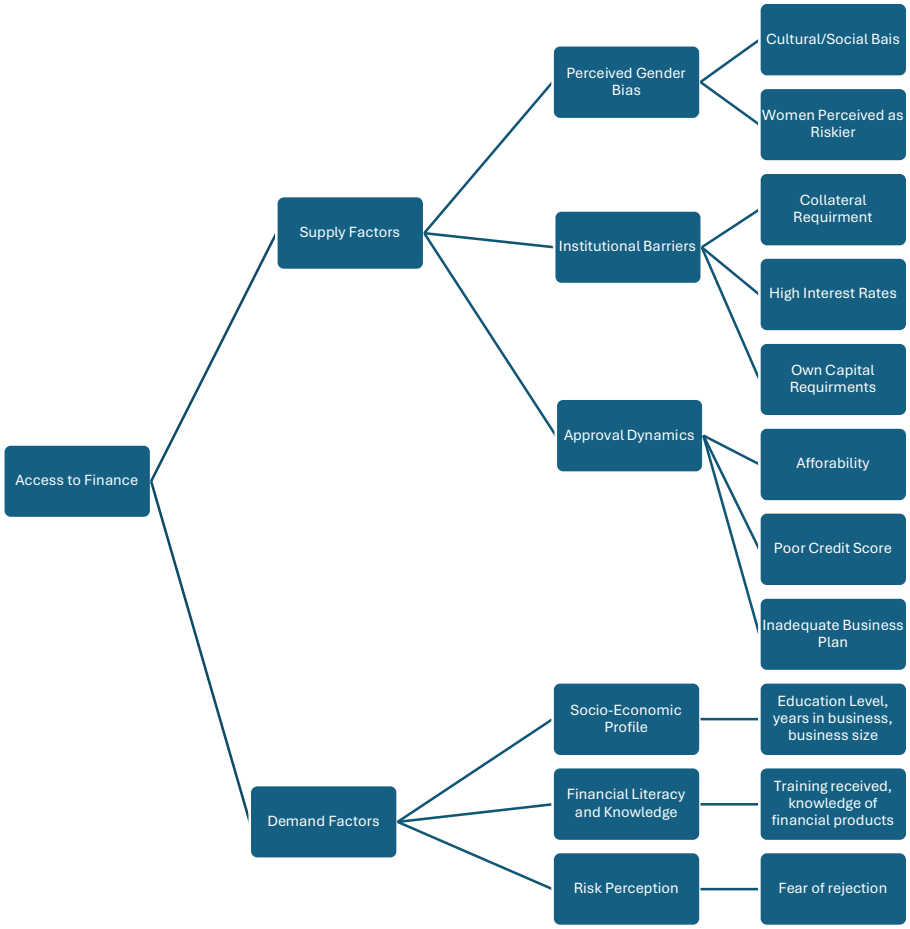


Figure 1**: Conceptual framework (Awunyo-Vitor, 2018)**

The relationship between the theories and financial accessibility is shown in Figure 1. Gender bias and institutional theory explain the supply side of access to finance, while financial literacy, which includes personal capital, explains the demand side of access to finance. The supply side factors pertains to the presence and policies of financial institutions, the terms and conditions of financial products, and any limitations or restrictions, including government policies and regulations (Xie & Wu, 2022). On the contrary, the demand side focuses on the factors that influence individuals' choices regarding the utilisation of financial services, such as financial literacy, social networks (Neumeyer et al., 2019; Xie & Wu, 2022).

2.7 Summary of the Research Gap

While the existing body of work acknowledges the obstacles women face based on gender, there is a call for an investigation to comprehend the factors contributing to the financial disparity experienced by female entrepreneurs at a subnational level. It is crucial to pinpoint solutions and tackle biases embedded within systems, as this remains a key area for research.

Chapter Summary

This chapter began with the various theoretical foundations that serve as the basis for the study. The theoretical frameworks are gender-based, institutional, and social capital theories. They provide insights into the diverse obstacles that preclude and hinder women in business from accessing financial resources. The literature emphasises explicitly how ingrained gender biases, institutional systems, and social network dynamics shape the landscape for women entrepreneurs.

The chapter also examined the impact of the COVID-19 pandemic, which has disproportionately affected women-led businesses, exacerbating existing difficulties and introducing barriers. This analysis highlights the pressing need for policies and initiatives to address women's hurdles in obtaining financial backing.

The literature review emphasises the importance of understanding these issues in the Johannesburg context and also lays a foundation for forthcoming empirical research. The next chapter discusses the research methodology that was used in this study.

CHAPTER 3. RESEARCH METHODOLOGY

3.1 Introduction

The preceding chapter reviewed literature relevant to this study. This chapter will focus on the research methodology employed in this study. This study employs a quantitative research design and positivism paradigm, which align with social science research methods (Bryman, 2012; Creswell, 2013). The approach emphasises the collection of structured data and the measurement of outcomes based on empirical evidence. Qualitative methods were not chosen due to their typical use of smaller, non-random samples (Bryman, 2012). While qualitative research provides a rich contextual understanding, this study prioritises generalisability achieved through a quantitative approach (Creswell, 2013).

3.2 Research Design

This study employs a descriptive quantitative approach design. Primary data was collected from female entrepreneurs using a survey instrument that measured important factors related to access to financing experiences. Descriptive statistics will then be employed to analyse the survey data, uncovering themes, trends, and views (Creswell & Creswell, 2018). Descriptive quantitative research is suited for this purpose, as it allows for the systematic collection and analysis of data across a sample (Bryman, 2012) of women entrepreneurs in Johannesburg. The persistent gender gap in financing (Malmström et al., 2023) requires a comprehensive (cross-sectional) understanding of the current state.

This design has inherent limitations that must be acknowledged. Bryman (2012) points out that the quantitative research method often fails to capture the depth of lived experiences and that survey responses can be susceptible to social and non-response biases (Creswell & Creswell, 2018).

3.3 Data Collection Methods

Data collection will occur using a structured approach questionnaire, including closed- and open-ended questions. This method ensures consistency in the data collected from a sample size, enabling generalisations (Bryman, 2012). The survey design that pays attention to demographics, financial characteristics, and self-perception of barriers towards money access makes data collection possible (Alavi et al., 2024). Random selection is adopted, ensuring that every woman in business in the City of Johannesburg has an opportunity to be chosen (Healey, 1999)

3.4 Research Population and Sample Method

This section discusses the population and sample method of the study.

3.4.1 Population

The population comprises small and medium-sized enterprises in the City of Johannesburg. The study follows the Global Entrepreneurship Monitor's definition of an established business that has sustained its founder through remuneration for over three and a half years (Bowmaker-Falconer & Meyer, 2022).

3.4.2 Sample and Sampling Method

A quantitative study usually employs two approaches: probability and non-probability sampling. Probability sampling is advantageous, as it enables the generalisation of findings (Bryman, 2012) to female-owned businesses within Johannesburg.

The sampling framework developed by Galawe (2017) was adopted, following recommendations by Kass and Tinsley (1979) and Field (2013) that the sample size should consist of five to ten respondents for each variable (Kass & Tinsley, 1979) or ten to fifteen respondents (Field, 2013). The ideal total sample size proposed by Kass and Tinsley (1979) is 300 respondents or less. For this study, a sample size of 300 women entrepreneurs is recommended. This aligns with previous research indicating that a sample size of at

least 200 to 300 respondents is necessary for factor analysis and multivariate statistical techniques (Bryman, 2012). The sample size achieved was 220 respondents.

3.5 Research Instrument

A self-administered online questionnaire was used. Babbie (2020) notes that this approach is considered efficient and cost-effective (Bryman, 2012) for data collection. The survey included a broad spectrum of variables for women entrepreneurs that comprehensively handle financial access. With simple random selection, every woman entrepreneur has an equal chance of being selected (Bhardwaj, 2019; Mooi & Satedt, 2011) with this method.

The questionnaire (Annexure B) was developed with guidance drawn from the study by Galawe (2017), and a five-point Likert scale was adopted. Closed-ended questions are preferred due to their coding feature that facilitates streamlined data entry processes (Bryman, 2012). Various question formats are incorporated to gather information, including multiple-choice questions for control variables.

The questionnaire aligns with the independent and dependent variables from the literature review. The dependent variable, access to financing, was explored through questions related to perceived gender bias, institutional factors, risk aversion, and social capital.

3.6 Procedure for Data Collection

The study aimed to collect data using a survey method. This approach is well known for its effectiveness in data collection (Bryman, 2012). The researcher utilised social media platforms to connect with businesses in the city. Random sampling offers several benefits. For example, it ensures that every small and medium-sized enterprise within the scope has an equal opportunity to be chosen, improves the sample’s representativeness, and reduces potential errors and biases in sampling.

3.7 Data Analysis Strategies and Interpretation

The Statistical Package for the Social Sciences (SPSS) is easy to use (Field, 2013). SurveyMonkey enables data extraction, providing summaries and charts. The researcher employed descriptive statistical analysis to outline the sample group's demographics. Primarily, regression analysis determined how social and institutional factors relate to access to finance (Bryman, 2012; Mooi & Satedt, 2011). This method is compatible with the study, as it examines the relationships between various independent and dependent variables, identifying key predictors of access or exclusion from financial services (Mooi & Satedt, 2011). Regression analysis determined the influence of the independent variables on the dependent variables (Mooi & Satedt, 2011).

The empirical part of this examination provides a basis for understanding which factors or external conditions most influence financial results for female entrepreneurs. Furthermore, the research employs regression analysis to control other potential confounding variables, allowing it to draw a clearer picture of the specific effects of gender-related factors, among other variables (Mohajan, 2020).

Thematic analysis was used for the open-ended questions. This strategy is employed to analyse qualitative data through coding and the identification of patterns within the data (Kostere & Kostere, 2021). Themes emerged from the data, facilitating the inductive development of themes and ensuring that the research provided insights into the participants' experiences (Leavy, 2022).

3.8 Possible Limitations and Challenges of the Study

The following are the following limitations and challenges of the study:

- This study focuses solely on women entrepreneurs in Johannesburg, making it challenging to generalise findings to other areas (Bryman, 2012).
- Non-response bias (Bryman, 2012; Creswell & Creswell, 2018).

- Internet access could be a challenge for some participants.

3.9 Validity and Reliability

The validity and reliability of the study are discussed in this section.

3.9.1 External Validity

To ensure validity, the questions designed for this study are based on literature from global and national studies. The data was collected from groups across the city to ensure representation in the sample, allowing for generalisation within the population (Creswell & Creswell, 2018) across Johannesburg.

3.9.2 Internal Validity

Drawing from literature and studies concluded on a national scale in South Africa, causal inferences (Bryman, 2012) can be made between independent and dependent variables. However, it is noted that not all variables that could have an impact form part of this study.

3.9.3 Reliability

To maintain the internal reliability of the constructs in this research, the primary reliability coefficient used was McDonald's omega (ω). In social science surveys, ω is increasingly preferred over Cronbach's alpha, especially when the key assumptions of equal item loadings are not satisfied (Hayes & Coutts, 2020). Unlike alpha, omega provides a more accurate measure of scale reliability in multi-dimensional or congeneric item models. An omega output between 0,7 and 0,8 indicates acceptable internal consistency, and a measure above 0,8 is considered strong reliability (Blunch, 2015).

3.10 Ethical Considerations

The research is anchored in a profound framework concerning solid ethical considerations to adhere to the utmost standards in its practices concerning ethical conduct in the study. Central is the element of informed consent, which provides a summary of the study and ensures that participants have sufficient knowledge to make informed decisions about their participation (Hasan et al., 2021). In addition to informed consent, the primordial ethics of anonymity and confidentiality here provide privacy and the sanctity and preservation of real data or information to the concerned party. Data was collected anonymously and stored in the cloud, accessible only by researchers.

Chapter Summary

Organising the study methodology framework aims to provide substantive findings on the financial constraints women-owned businesses face in Johannesburg. The study leverages quantitative data, yielding actionable insights for policymakers effectively working towards mitigating the challenges. A well-structured questionnaire based on nominal and Likert scale data collection was used. Data was collected from 220 women in business in the City of Johannesburg. The chapter that follows will discuss the findings of this study.

CHAPTER 4 RESEARCH FINDINGS

4.1 Introduction

The previous chapter discussed the research methodology used in the study. This chapter presents the survey data findings and analysis. The results are presented in tables and charts. SPSS and Amos were used to analyse and interpret the findings. The analysis begins with the demographic and business features of the participants, followed by factors affecting access to finance, challenges faced when accessing finance, financial literacy and knowledge, and whether the respondents have received any government support.

4.2 Descriptive Analysis

Section A of the questionnaire included questions on the women's age, education level, and business-related information such as years in business, number of employees, and business ownership. Frequency distributions were performed to provide insights into the demographics of the respondents. These questions provide insights into the women's educational background, business experience, and scale of operations. The demographic information helps contextualise the findings and ensures a comprehensive understanding of the factors influencing women in business. A total of 220 responses were received, and 218 were deemed valid with all questions answered, which indicates a 99% completion rate. The analysis will focus on the 218 valid responses.

4.2.1 Demographic Information and Business Profile

This subsection focuses on the demographic information and business profile of women entrepreneurs.

Table 1: Demographic profile

Demographic Characteristics		Frequency	Percentage	Valid%
Age (Years)	18-30	126	57,3	57,8
	31-40	48	21,8	22,0
	41-50	19	8,6	8,7
	> 50	25	11,4	11,5
Education	Matric	18	8,2	8,3
	Undergraduate	107	48,6	49,1
	Postgraduate	93	42,3	42,7

4.2.1.1 Participants Age

Table 1 provides a breakdown of the age and education level of women entrepreneurs who participated in the study. The frequency distribution for age groups in the data set indicates that most (57,3%) of the respondents are in the 18-30 age category, representing 57,8% of valid responses. The 31-40 age group represents 22% of valid responses, and women aged 41-50 and over 50 comprise 8,7% and 11,4% of valid participation, respectively. The age distribution suggest that entrepreneurship in Johannesburg is persuaded mainly by younger women. This may be due to high youth unemployment rate in South Africa (Bowmaker-Falconer & Meyer, 2022).

4.2.1.2 Education

The education level on Table 1 indicates the highest level of formal education completed by the respondent. The frequency distribution of education levels among respondents reveals that 49% and 43% of the valid responses hold undergraduate and postgraduate degrees, respectively. Those who completed matriculation were 8% of valid responses. This indicates that a substantial proportion of the sample has pursued higher education beyond matric level, suggesting that women entrepreneurs in Johannesburg are generally well educated, which may contribute to business acumen. However, higher education does not necessarily translate into easier access to finance as other barriers such as collateral requirements and

gender bias continue. Morsy (2020) cautions that education does not eliminate barriers to finance.

4.2.1.3 Business-Related Information

Table 2 summarises the length of time the respondents have been operating their business, and the years variable reflect the stage of business development for each entrepreneurs. Business information includes the years of business experience, the number of employees, and the number of business enterprises the women entrepreneurs are engaged in.

Table 2: Years of business

Business Profile		Frequency	Percentage	Valid%
Years	Less than 1	12	5,5	5,5
	1-3 years	91	41,4	41,7
	4-6 years	79	35,9	36,2
	7-10 years	22	10,0	10,1
	> 10 years	14	6,4	6,4

Years of Business

The frequency distribution regarding years of business experience among respondents indicates a diverse range of work tenure. Among the valid respondents, Table 2 shows that 42% of them have one to three years of experience. This indicates that a significant sample segment consists of entrepreneurs in the early stages of business, this may affect their ability to access finance as lenders often prefer businesses with longer track record (Bowmaker-Falconer & Meyer, 2020). Following this, 36% of valid responses indicated one to six years of business experience. Respondents with seven to ten years of experience made up 10% of valid responses. On the lower end, 6% and 5,5% of valid responses reported business experience of more than ten years and below one year, respectively. This suggests that while the valid sample includes experienced entrepreneurs, a majority are still within the

early to mid-stages of their business ventures. According to GEM (2023), early stage businesses face greater challenges in accessing financing due to perceived risk.

Employee Count

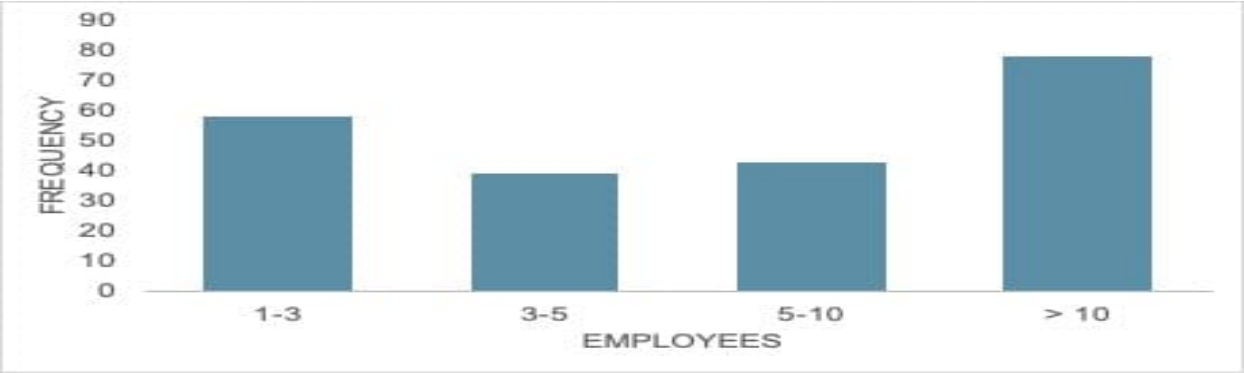


Figure 2: Number of employees

An evaluation of the number of employees engaged in the entrepreneur's business activities provides further insights into the characteristics of the business. Among the respondents, Figure 2 represents the distribution of number of employees in business owned by the respondents. About 27% of valid responses indicated having one to three employees, which suggests that a significant portion of respondents are linked to small-scale enterprises. Moreover, 18% of valid responses reported employing three to five individuals. These two groups represent 45% of the sample, implying that the respondents' businesses are relatively small. Respondents with five to ten employees make up 20% of valid responses. Finally, 36% of the respondents employ more than 10 individuals, this suggests that some women entrepreneurs have successfully scaled their business ventures, albeit with existing barriers.

Table 3: Number of businesses owned

Number of Businesses		Frequency	Percentage	Valid%
Number	1 Business	146	66,4	67,3
	2 Business	65	29,5	29,9

	> 3 Business	6	2,7	2,8
	Total	217	98,6	100

Table 3 shows the number of businesses owned by the respondents. The number of businesses owned is used to categorise respondents according to their business activity. This metric is considered an indicator of business acumen, as ownership of multiple ventures implies repeated entrepreneurial success. A method limitation is noted because the age of each business was not evaluated.

Of the total (N=220), 217 (98,6%) are valid. The majority (67,3%) of valid respondents own one business, 30% of the valid respondents own two, and only 2,8% own more than three businesses. The frequency suggests that most women focus on a single business venture, which may be influenced by cultural factors, financial constraints, or risk aversion (Bowmaker-Falconer & Meyer, 2022; Morsy, 2020).

4.2.2 Access to Finance

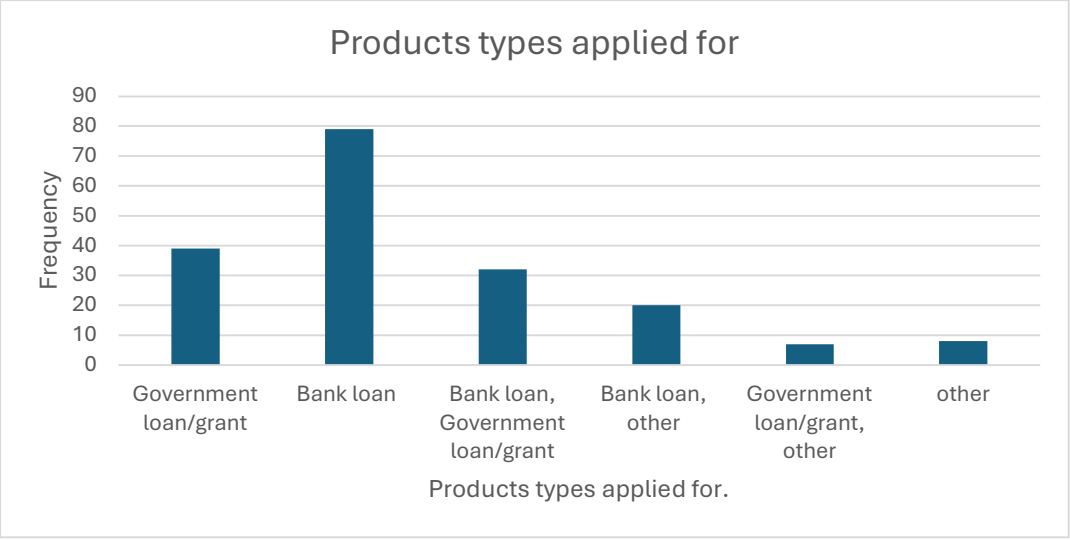


Figure 3: Application type

Figure 3 demonstrate application types of the respondents applied for in the past three years. The categories include applications for bank loans, government loans or grant combination of types of applications, and other sources of finance. Respondents were asked

various questions about their ability to access finance in the past three years. Two hundred and fifteen (215) responses were valid; 180 (83,7%) indicated yes, and 35 (16,3% of valid responses) responded no. This suggests that most business owners in the sample have actively sought financial assistance to support or expand their businesses. This may also reflect insufficient internal financial resources (IFC, 2020). Furthermore, the 16.3% that did not apply could be because of self-exclusion due to anticipated rejection, lack of awareness of financing options or sufficient internal resources, which is an area worth exploring in future studies. For the application types, the respondents could choose more than one option. Thus, the percentage rate is based on the number of respondents who indicated yes to external financing. Of the respondents who applied for financing, 79 (35,9%) applied for a bank loan, and 39 (17,7%) applied for a government grant/loan. Twenty (20) (9%) and 7 (3%) of the respondents indicated they applied for a bank loan and other, and government grant/loan and other, respectively. Eight respondents applied for other types of financing. The data indicates that many respondents rely on bank loans as a source of funding for their business. The low application rate for government grants/loans may indicate bureaucratic hurdles or lack of awareness of government programmes.

Approval Rate for Financing Application

According to Figure 3, of the respondents who indicated they applied for loans, 35% responded yes to loan approval, 41% responded no, and 16% indicated the application was still in progress. The low approval rate is concerning but also aligns with perceived risk by lenders based on the age and the size of the business. This could also be due to systemic barriers in the credit process, strict collateral requirements, and risk-averse lending practices. Furthermore, the high rejection rate may also discourage future applications, perpetuating the cycle of exclusion.

The Rejection Reasons Given by Lenders

Table 4: Loan rejection reasons

Rejection Reasons	Frequency	Percentage

Affordability	23	20,7
Poor credit	12	10,8
Business plan	13	11,7
Gender discrimination	30	27,0
Business plan/Gender discrimination/Affordability	3	2,7
Business plan/Affordability	5	4,5
Poor credit/Gender discrimination	4	3,6
Business plan/Poor credit/Affordability	6	5,4
Poor credit/Affordability	6	5,4
Other	9	8,1
Total	111	100,0

Table 4 summarises the reasons given by lenders for rejecting loan applications from women entrepreneurs. One hundred eleven (111) respondents provided reasons given by lenders for declined applications, and respondents were permitted to choose more than one option. Table 4 reveals that gender discrimination was the most common reason cited by respondents for loan rejection, at 27%, followed by affordability at 21%. Poor credit record and inadequate business plan accounted for 11% and 12%, respectively. The remaining combinations of reasons were all below 10%, as highlighted in Table 4. It is noted that gender discrimination and affordability feature prominently in the combination of responses. The prominence of gender discrimination as a rejection reason highlights possible bias in the financial sector. Affordability and poor credit indicate that female entrepreneurs do not meet traditional lending criteria due to irregular/low income generation, low profitability and lack of equity base to support the lending. An inadequate business plan suggests that there is a need for capacity building interventions, such as financial literacy training, business management and development programmes.

The vast majority of the respondents also used their personal savings and cash to finance their business. Of the 215 responses, 209 (97%) reported financing their business from personal funds, compared to 6 (3%) respondents who stated no. The reliance on personal

funds highlights the shortcomings of external financing options and may limit operational capacity and growth of women owned businesses. This data raises questions about long-term sustainability of female owned businesses, as personal savings are finite and may not be sufficient to support cash flow shortfalls and future growth.

4.2.3 Perceived Gender Bias

Table 5 summarises the factor cited by women entrepreneurs as ways in which gender impacts their ability to access finance. The majority (68%) of the respondents felt that gender affected their ability to access finance. Of the responses received, 23% cited lenders perceiving women as riskier, 16% mentioned cultural and social bias as a factor impacting accessing financing, and 11% indicated multiple factors that lead to limited access to finance, such as lenders perceiving women as riskier borrowers, alongside cultural and social bias. A further 7% of the respondents noted a combination of lenders perceiving women as riskier borrowers, lack of support from financial institutions, and cultural and social bias. Additionally, 7% mentioned a lack of specific female products, and 10% reported that lenders perceive women as riskier borrowers, citing a lack of support from financial institutions and cultural and social biases. Many respondents identified cultural and social biases as a significant concern, as shown in Table 5. More women entrepreneurs perceive gender as a barrier to obtaining finance, highlighting that there is probably apparent and hidden discrimination in the financial sector. This view is not exclusive to credit declines; it includes the view that women are seen as high risk and lack bespoke financial products.

The perception that women are riskier borrowers is entrenched in stereotypes and statistical discrimination. This perception may result in higher interest, higher contribution/deposits and stricter conditions, covenants and collateral or declines that are unwarranted. About 10% of the respondents indicated multiple, overlapping factors such women being perceived is riskier, lack of support from financial institutions, and cultural and social bias, demonstrating that the challenge is multifaceted and systemic. This complexity means that solutions must be holistic and targeted at the entire ecosystem.

Table 5: Perceived gender impact on access to finance among women entrepreneurs

Gender Impact	Frequency	Percentage
Lenders perceive women as riskier borrowers	36	22,9
Cultural and social bias	25	15,9
Lack of support from financial institutions	11	7,0
Lenders perceive women as riskier borrowers/Lack of support from financial institutions/Cultural and social bias	15	9,6
Lack of support from financial institutions/Cultural and social bias	13	8,3
Lenders perceive women as riskier borrowers/Cultural and social bias	17	10,8
Lenders perceive women as riskier borrowers/Lack of support from financial institutions/Lack of female products/Cultural and social bias	11	7,0
Lenders perceive women as riskier borrowers/Lack of specific female products/Cultural and social bias	7	4,5
Lenders perceive women as riskier borrowers/Lack of support from financial institutions/Lack of support from institutions	10	6,4
Lenders perceive women as riskier borrowers/Lack of female products	8	5,1
Other	4	2,5
Total Respondents: 157		

4.2.4 Challenges in Securing Finance

Table 6 summarises the main challenges faced by women entrepreneurs in Johannesburg when seeking access to finance. An analysis of respondents' perceptions regarding their ability to access financing compared to male business owners provides insights into gender disparities. Of the 215 valid responses, 45% indicated it is difficult, 27% think there are equal opportunities, and 14% felt it is very difficult. Only 6% and 9% stated it is very easy and easy, respectively.

The respondents had the option of providing more than one response regarding the challenges that affected their ability to access finance. The most significant challenge noted is high interest rates, with a frequency of 36 (17%), followed by lack of capital at 27 (13%). Additionally, 21 (10%) of the respondents cited both high interest rates and lack of capital as constraints faced. Gender-based discrimination and a combination of high interest rates and gender-based discrimination collectively had a frequency of 34 (16%). Lack of collateral and lack of experience were each noted as challenges by 12 (6%) of the respondents, respectively. Among the options chosen by the respondents, high interest rates appear in nine responses, making them a significant factor in women's access to finance in business. This demonstrates that when women entrepreneurs have access to financing, the cost of borrowing becomes a significant barrier to financing. High interest rates appear to be aligned with the perception that women are riskier, as financial institutions price risk; the higher the risk, the higher the return for financial institutions. Lack of capital is a barrier, reflecting limited internal and external resources. This barrier limits the entrepreneur's ability to expand their business and endure economic shocks.

Table 6: Challenges encountered by women entrepreneurs in accessing finance

Challenges	Frequency	Percentage
High interest rate	36	17,1
Lack of capital	27	12,8
High interest rate/Lack of capital	21	10,0
Gender-based discrimination	19	9,0
High interest rate/Gender-based discrimination	15	7,1
Lack of collateral	12	5,7
Lack of experience	12	5,7
High interest rate/Lack of collateral/Lack of capital	11	5,2
Gender-based discrimination/Lack of capital	8	3,8
Other	8	3,8
High interest rate/Gender-based discrimination/Lack of capital	7	3,3
High interest rate/Lack of collateral	5	2,4
High interest rate/Lack of experience	4	1,9

Challenges	Frequency	Percentage
High interest rate/Lack of collateral/Lack of experience	4	1,9
Lack of collateral/Gender-based discrimination	3	1,4
Lack of collateral/Gender-based discrimination/Lack of capital	3	1,4
Lack of experience/Lack of capital	3	1,4
Gender-based discrimination/Lack of experience/Lack of capital	3	1,4
Lack of collateral/Lack of capital	2	0,9
Lack of collateral/Gender-based discrimination/Lack of experience/Lack of capital	2	0,9
High interest rate/Lack of collateral/Gender-based discrimination/Lack of capital	2	0,9
High interest rate/Lack of collateral/Gender-based discrimination	2	0,9
Lack of collateral/Lack of experience/Lack of capital	2	0,9
Total Respondents: 211		

4.2.5 Financial Literacy and Knowledge

Table 7: Financial products knowledge

	Frequency	Percent
Strongly Disagree	5	2.3
Disagree	14	6.5
Neutral	56	26
Agree	94	43.7
Strongly Agree	46	21.4
Total Respondent: 215		

Table 7 presents respondents' self-assessed knowledge of financial products. Most of the respondents (44%) agreed they had adequate knowledge of financial products, while 26% were neutral. About 21% strongly agreed, while 9% combined disagree or strongly disagreed. This indicates that a considerable percentage of respondents are confident about their understanding of financial products, thus can engage with financial institutions with broad understating.

Table 8: Financial products knowledge

Financial Literacy Training		Frequency	Percent
Received Financial Literacy	Yes	182	84.7
	No	33	15.3
Interested in Financial Literacy Workshop	Yes	213	99.1
	No	2	0.9
Total Respondent 215			

Approximately 84% of the respondents have attended financial literacy training, while 15% have not, and 1% did not respond. Nearly all the respondents (99,1%) expressed interest in attending financial literacy workshops, with only 0,9% indicating they were uninterested. An overwhelming majority of the respondents participated in financial literacy programmes indicating that there is demand f and availability of financial literacy programmes. There is an ongoing need for these programmes as nearly 99% of respondents would attend further workshops and training initiatives. Financial literacy is about empowerment more than knowledge. Financial literacy improves self-efficacy and confidence, allowing women to navigate complex application process, negotiate approval terms and make informed decisions when lending is granted.

Approximately 73,8% of the respondents were aware of government programmes supporting women-owned SMEs, while 26,2% were not. However, 91% of the respondents have not benefited from government programmes. Awareness of programmes does not translate into access and benefits.

4.2.6 Findings Concerning Additional Support from the Government and Financial Institutions

Table 9 summarises the key themes derived from the support respondents need from government and financial institutions. The themes were categorised into three main areas namely; financial literacy training, affordable loans and grants and targeted women support. The table indicates that the number of respondents who provided comments was 166, resulting in a response rate of 75%. Among the respondents who expressed their views, 22% highlighted the necessity of financial literacy training, with a particular emphasis on financial management and overall business management. Training programmes may also

facilitate peer learning, mentorship, and the consideration of online platforms as delivery mechanisms in certain instances. Another prevalent theme among the respondents was the need for affordable loans and grants; 20% of the respondents indicated a demand for accessible loans, increased government grants, low interest rates, and concessional terms as necessary support. This indicates that there are constraints in existing financial products and the products are not meeting the needs women owned entrepreneurs. Lastly, 57% of the respondents asserted that the government and financial institutions should implement targeted support programmes for women. This includes the development of products tailored specifically for women entrepreneurs, as well as the introduction of programmes, tax incentives, and rebates. The government needs to establish policies that promote equality and fairness.

Table 9: Types of support needed from financial institutions and government and government

Theme	Frequency	Summary of Participant Responses	Literature Support
Financial Literacy Training	37	Financial education is a key theme among respondents, citing financial management training.	The findings supports the view that financial literacy enhances access to financing (Morsy, 2020; Xie & Wu, 2022).
Affordable Loans and Grants	34	Participants cited that financial institutions should provide affordable loans. Flexible collateral requirements. Funding programmes with relaxed criteria. Flexible repayment options.	Lower interest rates, collateral thresholds (Bowmaker-Falconer & Meyer, 2022) and flexible repayment terms (Halabisky et al., 2023; Morsy, 2020). Research also adds that the initiatives need to be less complex and that bureaucracy should be removed to improve accessibility (IFC, 2020).

Targeted Women Support Programmes	95	Specialised financial support, tax incentives for women entrepreneurs, and awareness campaigns. Respondents also stated that institutions and government should facilitate access to market. Policies that promote equal access to credit. Networking opportunities (peer-to-peer learning) for women entrepreneurs to learn from one another.	SME support initiatives, policies, and financial literacy training (Mastercard, 2022; Meyer, 2022; Zaato et al., 2023). Literature indicates that awareness and accessibility is a concern where programmes exist (IFC, 2020; Radebe & Smith, 2023).

4.2.7 Findings and Recommendations to Improve Access to Finance for Women-owned SMEs in Johannesburg

The findings relate to open-ended questions about actions that can be taken to improve access to finance for women-owned SMEs in Johannesburg. The findings are reported in Table 10, the themes are categorised into four main areas based on responses provided, namely financial education campaigns, alternative funding mechanism, gender-sensitive policy reform and partnership and collaboration.

Table 10: Recommendations to improve access to finance for women for women-owned businesses in Johannesburg

Theme	Frequency	Summary of Participant Responses	Literature Support
Financial Education Campaigns	24	Financial literacy workshops, business workshops, and financial management training.	Literature suggests that financial literacy helps overcome financing barriers such as risk aversion and poor business planning (Morsy, 2020; Robb & Wolken, 2002).
Alternative Funding Mechanisms	31	Financial institutions and banks should work together to create programmes to fund women-owned SMEs with affordable financing, women-tailored financial products, low interest rates, and alternative funding, e.g. blended finance,	Research indicates alternative financing mechanisms, including products structured for female entrepreneurs (Halabisky et al., 2023; Mastercard, 2022). Research also adds that the initiatives

Theme	Frequency	Summary of Participant Responses	Literature Support
		crowd finance, flexible terms, and concessions.	need to be less complex and that bureaucracy should be removed to improve accessibility (IFC, 2020).
Gender-sensitive Policy Reform	23	Gender-sensitive policies, women to be offered fair opportunities, and access to finance. Monitoring of the sector to eliminate gender bias.	Literature calls for targeted financial reform (S. P. Singh et al., 2022) to address systemic exclusion to eliminate institutional gender bias.
Partnerships and Collaboration Across Financial Sector	13	Partnerships to create affordable financing products, Incubator programmes to support women-owned SMEs. Government to work with financial institutions to expand reach.	Literature shows that an entrepreneurial ecosystem, institutional support, policies, and access to finance increase the success of women entrepreneurs (Bowmaker-Falconer & Meyer, 2022). Structured institutional support leads to an enabling environment for women entrepreneurs (Boucher et al., 2023; Nadia et al., 2023).

The respondents (26% of those who provided feedback) provided the following suggestions to enhance access to financing for women-owned SMEs in Johannesburg: financial literacy workshops focusing on business management. This suggests that there are knowledge gaps in business acumen, which may also explain the lack of business plans or insufficient information provided to financial institutions during the loan application process, potentially affecting the ability to access financing.

The respondent also emphasised that the training should be tailored specifically for women in business. Approximately 34% of the respondents cited alternative funding mechanisms as a means to improve access to finance, while 25% indicated gender-sensitive policy reforms, and the remaining 14% pointed to partnership and collaboration between government and the financial sector.

The next section illustrates the findings of the chi-square test conducted to determine if there is a correlation between access to finance, gender-related bias, and other observed variables in the model.

4.3 Correlation Metrics

The chi-squared test was performed to determine whether there is a relationship between access to finance and gender-related bias. A meaningful relationship is indicated by the f-statistic, with a probability (p-value) of less than 0,05; the p-value is presented by the Asymptotic significance (2-sided). Only relationships with correlations are discussed in the subsection that follows.

4.3.1 Findings on Whether the Demographic and Business Profile of Women Entrepreneurs Correlate with Access to Finance

The chi-squared test was performed on all demographics and only the results of factors with statistical significance are discussed here.

Table 11: Correlation between years in business and loan access to finance

Years in Business	Approved	Not Approved	In progress	Total
Less than 1	1	3	5	9
1-3 years	30	43	13	86
4-6 years	26	33	14	73
7-10 years	14	5	2	21
More than 10 years	6	6	0	12
Total	77	90	34	201

p-value = 0,007

Table 11 presents cross-tabulation between years in business and loan approval status. The rows represent the number of years respondents are in business, and the columns indicate whether their loan application was approved, not approved or still in progress. The cells are the number of respondents in each category.

Table 12: Chi-Square test between years in business and loan access to finance

	Value	DF	Asymp. Sig. (2-sided)
Pearson Chi-Square	20.939[a]	8	0.007
Likelihood Ratio	20 368	8	0.009
Linear-by-Linear Association	8 630	1	0.003
N of Valid Cases	201		

A Chi-square test completed to assess the relationship between access to finance (i.e. whether applied for finance and it was approved) and years in business reveals a p-value of 0,007, indicating significance, as shown in table 12. It can be inferred that lenders take into account the number of years women entrepreneurs have been in business.

Table 13: Symmetric measure: years in business and access to finance

		Value	Approx. Sig.
Nominal by Nominal	Phi	0.323	0.007
	Cramer's V	0.228	0.007
N of Valid Cases		201	

Table 13 present Phi and Cramer's V test results indicating that there is a small association as Cramer's V is at 0,228. This association suggests that loan approval rate differs based on years of experience. Women entrepreneurs in business longer than seven years but lower than 10 years had the highest approval rate 66%, while more than ten years had approval rate of 50% compared with approval rate of those with less than one year and between one and three years. The finding aligns with assessment models used by financial institutions, where years of experience in business and the duration of business existence serves as benchmark for sustainability, stability and creditworthiness (Bowmaker-Falconer & Meyer, 2022). This is understandable, as the success rates of start-up are generally low, in conversely, access to capital is one of the contributing factors.

Table 14: Correlation between years in business and perceived gender bias

Years in Business	Gender Bias	No Gender Bias	Total
Less than 1 year	4	8	12
1–3 years	61	29	90
4–6 years	52	25	77
7–10 years	18	4	22
More than 10 years	11	2	13
Total	146	68	214

p-value = 0,036

Table 14 presents a cross tabulation between years in business and respondent views if gender is a factor influencing lending outcome. The columns indicate whether the respondents indicated gender bias is an influencing lending decision.

Table 15: Chi-Square test between years in business and perceived gender bias

	Value	DF	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.250[a]	4	0.036
Likelihood Ratio	10.062	4	0.036
Linear-by-Linear Association	6.155	1	0.013
N of Valid Cases	214		

A chi-square test was conducted, and a relationship was also observed between gender perception and the number of years in business. P-value of 0,036 indicates a statistically significant relationship between gender bias perception and access to finance. This suggests that the years in business partially inform the perception of gender. The observation is that the longer the business is operating, the greater the perception of gender bias. Approximately 84 percent of the respondents have been in business for more than ten years, while 82 percent have operated a business between seven and ten years.

Table 16: Symmetric measure: years in business and perceived gender bias

		Value	Approx. Sig.
Nominal by Nominal	Phi	0.219	0.036
	Cramer's V	0.219	0.036
N of Valid Cases		214	

Based on Cramer's V and Phi the strength of the association is moderate at 0,219. While the relationship is significant the association is not strong. From this it can be inferred that the age number of years in business moderately influences perception of gender bias.

4.3.2 Findings on Whether There Is a Relationship between Access to Finance and the Use of Own Savings

A comparison was made regarding whether financing was approved and the use of personal savings in women's business ventures.

Table 17: Relationship between access to finance and the use of own savings

	Approved	Not Approved	In Progress	Total
Used Own Savings	71	90	34	195
Did not Use Own Savings	6	0	0	6
Total	77	90	34	201

p-value = 0,007

Table 17 presents a cross tabulation between access to finance (if application was approved, not approved or in progress) for the respondents who indicated they have applied for finance alongside whether they used own financing to fund their business operations.

The Pearson chi-square (p-value of 0,007) indicates a correlation between access to finance and the use of personal savings to finance the business. This suggests that women entrepreneurs utilise their savings to supplement the cash flow needs of their business ventures.

Table 18: Chi-Square test between access to finance and the use of own savings

	Value	DF	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.960[a]	2	0.007
Likelihood Ratio	11.813	2	0.003
Linear-by-Linear Association	7.508	1	0.006
N of Valid Cases	201		

Table 19: Symmetric measure between access to finance and the use of own savings

		Value	Approx. Sig
Nominal by Nominal	Phi	0.223	0.007
	Cramer's V	0.223	0.007
N of Valid Cases		201	

Based on Phi and Cramer's V the relationship strength observed with value of 0.223 is moderate, meaning that there is small association between access to finance and the use of own funds is moderate.

4.3.5 Findings on Whether Institutional Barriers Correlates with Access to Financing

Table 20: Relationship between institutional barriers and access to financing

Barriers to Finance	Approved	Not Approved	In Progress	Total
High interest rate	20	9	5	34
Gender-based discrimination	10	7	1	18
Lack of collateral	4	5	3	12
High interest rate/Lack of capital	6	14	1	21
High interest rate/Gender-based discrimination	8	4	3	15
High interest rate/Gender-based discrimination/Lack of capital	3	2	2	7

Lack of experience	3	6	2	11
High interest rate/Lack of collateral/Lack of Capital	3	5	2	10
High interest rate/Lack of collateral	2	2	1	5
High interest rate/Lack of experience	2	2	0	4
Lack of capital	5	12	8	25
Gender-based discrimination/Lack of capital	4	4	0	8
Multiple combinations	7	17	6	30
Total	**77**	**89**	**34**	**200**

p-value = 0,234

Table 20 presents a cross-tabulation between barriers to accessing finance and access to finance. The multiple combinations include barriers combinations experienced by women entrepreneurs.

Table 21: Chi-Square test between institutional barriers and access to financing

	Value	DF	Asymp. Sig. (2-sided)
Pearson Chi-Square	50.443[a]	44	0.234
Likelihood Ratio	59.284	44	0.062
Linear-by-Linear Association	5.975	1	0.015
N of Valid Cases	200		

The chi-square test indicates that the association is not statistically significant between institutional barriers and access to finance p-value is at 0,234. It is noted that Cramer's V (0,355) indicates that the relationship is not strong however, this is not meaningful as the test is not significant. Additionally, several variables have count below 5 which may impact the model output. The statistical outcome result indicates that institutional barriers, such as high interest rate, collateral requirements, lack if capital do not predict approval or rejection in this sample. This suggests that these barriers either affect all businesses the same way or other factors play a stronger role.

Table 22: Symmetric Measures

		Value	Approx Sig
Nominal by Nominal	Phi	0.502	0.234
	Cramer's V	0.355	0.234
N of Valid Cases		200	

4.3.5 Findings on Whether Financial Literacy Training Correlates with Access to Financing

A comparison was made between whether respondents' participation in financial literacy training correlates with access to finance.

Table 23: Correlation between financial literacy training and access to financing

	Approved	Not Approved	In Progress
Received Training	69	70	32
Not Received Training	8	20	2
Total	77	90	34

p-value = 0,027

Table 23 presents a cross-tabulation between access to finance outcome and whether they received financial literacy training.

Table 24: Chi-Square test between literacy training and access to financing

	Value	DF	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.211[a]	2	0.027
Likelihood Ratio	7.480	2	0.024
Linear-by-Linear Association	0.013	1	0.908
N of Valid Cases	201		

The Pearson chi-square (p-value of 0,027) in table 24 indicates a correlation between access to finance and respondent financial literacy training. It can be inferred from the table that the respondent with financial literacy is more likely to get approval from credit

applications. This finding supports the notion that financial literacy can improve access to finance for women entrepreneurs.

Table 25: Symmetric Measures

		Value	Approx Sig
Nominal by Nominal	Phi	0.189	0.027
	Cramer's V	0.189	0.024
N of Valid Cases		200	

Phi and Cramer's V of 0.189 indicate a weak relationship between financial literacy training and access to finance. The weak association means training alone does not result in access to finance, other factors such as institutional policies, credit history and affordability.

4.3.6 Findings on the Correlation between Gender Bias in Lending and Women's Risk Perception

An evaluation was conducted to determine whether respondents believed that their gender affected their ability to access lending compared to that of their male counterparts.

Table 26: Correlation between perceived gender bias and applied finance in the past three years.

Gender Affects Lending	Applied for Finance		Total
	Yes	No	
Yes	131	47	157
No	14	21	76
Total	145	68	213

p-value = <0,001

Table 26 presents cross-tabulation of respondents' view on whether there is gender bias in lending practices and whether they applied for finance in the last three years.

The chi-square of <0,001 in table 27 indicates a significant correlation between perceived gender bias and respondents' decision to apply for finance. Phi and Cramer's V of 0,267

indicates a moderate relationship between the variables, indicating that perception of bias influence application behaviour but does not completely prevent it. While the women entrepreneurs believe there is gender bias, they are not self-selecting out of financing. This could indicate that financing is a necessity, also could imply limited alternative sources of funding.

Table 27: Chi-Square test between perceived gender bias and applied for finance

	Value	DF	Asymp. Sig. (2-sided)
Pearson Chi-Square	15.190[a]	1	<0.001
Likelihood Ratio	14.194	1	<0.001
Linear-by-Linear Association	15.119	1	<0.001
N of Valid Cases	213		

Table 28: Symmetric Measures

		Value	Approx Sig
Nominal by Nominal	Phi	0.267	<0.001
	Cramer's V	0.267	<0.001
N of Valid Cases		213	

4.3.7 Analysis of the Correlation between Perceived Gender Impact on Access to Finance

Table 29: Correlation between perceived gender bias and access to finance

	Approved	Not Approved	In Progress	Total
Gender Affects Lending: Yes	49	72	22	143
Gender Affects Lending: No	28	17	57	102
Total	77	89	34	200

p-value =0,031

Table 29 presents a cross-tabulation between respondents' perception of gender bias and if the application was approved, not approved and in progress (accessed finance). An evaluation was carried out to determine the correlation between the perception that gender

affects lending to access to finance. It is observed that the highest decline rate was on women who perceived gender to affect lending.

Table 30: Chi-Square test between perceived gender bias and access to finance

	Value	DF	Asymp. Sig. (2-sided)
Pearson Chi-Square	6.965[a]	2	0.031
Likelihood Ratio	7.144	2	0.028
Linear-by-Linear Association	0.673	1	0.412
N of Valid Cases	200		

The Pearson chi-square p-value of 0,031 indicates a statistically significant correlation between respondents' perception of the impact of gender on access to finance and the barriers to finance. The relationship is weak as presented by Cramer's V and Phi of 0.187. While a relationship exists, other factors could play a bigger role in accessing finance than gender perceptions. This highlights the complexity of financing decisions, where multiple factors are considered and it is challenging to isolate gender impact.

Table 31: Symmetric Measures

		Value	Approx Sig
Nominal by Nominal	Phi	0.187	0.031
	Cramer's V	0.187	0.031
N of Valid Cases		200	

4.3.8 Findings on the Correlation between Perceived Gender Bias to Finance and the Perception That Lenders Risk Perception

Table 32: Correlation between gender affects lending and lenders perceive women as riskier borrowers

	Yes	No	Total
Lenders perceive women as riskier borrowers	32	3	35
Cultural and social bias	23	2	25
Lack of support from financial institutions	6	5	11

Lenders perceive women as riskier borrowers/Lack of support from financial institutions/Lack of female products/cultural and	15	0	15
Lenders perceive women as riskier borrowers/Lack of specific female products/Cultural and social bias	13	0	13
Lenders perceive women as riskier borrowers/Lack of support from financial institutions/Lack of support from institutions	17	0	17
Lenders perceive women as riskier borrowers/Lack of female product	11	0	11
Other Multiple functions	29		29
Total	146	10	156

p-value=<0,001

An evaluation was conducted to determine the correlation between the perception that gender affects access to finance and lenders' perception of women as riskier borrowers. Table 32 provides a cross-tabulation of gender effects on lending decisions, with columns indicating "Yes" or "No." The rows reflect lenders' perceptions regarding whether women are considered riskier borrowers, presenting various response options for analysis. Of the 156 responses, the majority reported lender's risk perception and cultural bias.

Table 33: Chi-Square test between gender affects lending and lenders perceive women as riskier

	Value	DF	Asymp. Sig. (2-sided)
Pearson Chi-Square	34.151[a]	1	<0.001
Likelihood Ratio	24.718	1	0.006
Linear-by-Linear Association	6.619	1	0.018
N of Valid Cases	156		

The Pearson chi-square p-value of <0,001 indicates a statistically significant correlation between respondents' perception of gender's impact on finance and lenders perceiving women as riskier borrowers. Both Phi and Cramer's V at 0.468 indicate a strong relationship. The strong correlation indicates that gender bias is deeply entrenched with risk perception. It can be inferred that factors such as cultural and social bias, lack of support from financial

institutions, lack of specific female products, and lenders' perception of women as riskier, affecting access to finance.

Table 28: Symmetric Measures

		Value	Approx Sig
Nominal by Nominal	Phi	0.468	<0.001
	Cramer's V	0.468	<0.001
N of Valid Cases		156	

4.4 Reliability

A reliability measure, omega (ω), was calculated. Omega was selected as an alternative to the well-known Cronbach's alpha due to its ability to handle unequal factor loadings. Omega is considered to provide greater accuracy in estimating reliability when factor loadings are unequal. The omega coefficient for the model was 0.70, which is deemed acceptable. The results indicate that the measurement scale demonstrates acceptability. Negatively correlated variables were reverse-scored.

Chapter Summary

This chapter presented the study's results and findings. The quantitative method was used to analyse data from respondents' questionnaire responses, employing statistical tests such as descriptive analysis, chi-square test, and omega to test model reliability. The next chapter will be on the conclusion of the study as well as the recommendations of the study.

CHAPTER 5 DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This final chapter discusses the results and concludes the research. The chapter is organised as follows: Section 5.2 discusses the findings in relation to the literature. Section 5.3 concludes the research. Section 5.4 presents the implication of the study and Section 5.5 discusses further research.

5.2 Discussion

A literature review revealed that women face multiple challenges when accessing finance, thereby contributing to the gender gap in access to finance. The study found that women with longer business tenures reported a higher level of bias, despite greater business maturity and a strong track record. Additionally, although these women had high levels of education, this did not translate into greater access to financing. This supports research by Aristei & Gallo (2022), which noted that business characteristics impact lending decisions, and while an owner's qualifications and business tenure should enhance trust and access to credit (Nadia et al., 2023; Meyer, 2022), these factors alone do not improve access. This is further supported by Bowmaker-Falconer and Meyer (2022) and Bullough et al. (2022), who observed that institutional practices play a more impactful role than owner and business demographics.

The study found significant correlation between the use of savings and access to finance. 97 percent of the respondent reported using their own savings to fund their business ventures. The find aligns with IFC (2022) study, which reported that South African depend on personal savings and family support. Simba et al. (2024) also emphasises the role of personal capital in sustaining women-owned business. Funding one's business is acceptable and expected in practice, however, it is observed that 44 percent of the

respondents used own funding and were not approved for any financing. Overreliance on own funding signals a lack of institutional support. While the respondents cited barriers such as high interest rates, collateral requirements as major challenge supporting studies by Mastercard, 2022, Singh & Dash, 2021. Contrary, this study did not show significant correlations with access to finance. This finding differs from Halabisky et al. (2023) and Bowmaker-Falconer & Meyer (2022) who argue that institutional barriers are determining factor of financial exclusion. The absence of significant relationship may indicate that these barriers do not always translate into financial exclusion.

Gender discrimination was cited as one of the major reasons for declined financing applications. This confirms that women are experiencing discriminated when accessing applying for financial assistance. The view that there is gender bias is supported Bullough et al. (2022) and Malmström et al. (2023), who argue that there is systemic gender bias in credit access. The results support statistical discrimination theory (Fang & Moro, 2010, Chundakkadan & Sasidharan, 2021), which suggests that generic models lenders rely on contribute to bias. However, Cowling et al. (2020) found that women were more conservative during financial crisis and safer bet for lenders due to historically cautious borrowing and low defaults. However, while respondent perception is that there is gender bias, this did not deter them from applying for credit.

The study found a significant correlation between financial literacy training and access to finance. Respondent who received financial literacy training were more likely to have their applications approved. The finding is supported by Morsy (2020) and Xie and Wu (2022) who argue that financial literacy improves access to finance by improving confidence and business acumen.

5.3 Conclusion

The objective of the study was to identify factors limiting access to finance for women-owned SME in Johannesburg. The study confirms that gender bias remains a significant concern for women entrepreneurs. Many respondents perceived that the lenders view women as riskier clients, supported by a strong correlation between perceived bias and lenders risk

assessment models. This aligns with literature on statistical discrimination theory, which suggest that generic models can further gender-based bias. It is important to note that these findings are self-reported data and should be interpreted cautiously. While the analysis did not reveal a statistically significant relationship between institutional barriers and access to finance, respondents reported high interest rates and lack of collateral as obstacles when accessing finance. These factors were reported as major challenges. Furthermore, the research found that women entrepreneurs predominately relied on their personal savings to close the financing gap. This reliance on self-funding highlights the persistent difficulties in securing external financing and points to ongoing needs to for supportive interventions.

5.4 Implication of the Study

The results have implications for policymakers, development agencies and financial institutions.

5.4.1 Increase the Accessibility of Government Programmes

While there is an increase in the number of women entrepreneurs, many of their businesses remain in the start-up phase and employ only a few people. This often results in lower revenue, which can impact access to financing. These characteristics reinforce research on credit rationing challenges and information asymmetries in SME finance, while limiting the development of capabilities necessary for sustainable scaling. These outcomes are rooted in systemic gender inequalities shaped by the apartheid-era exclusion, which affects asset ownership, and access to markets. This research finding is that women entrepreneurs called for government supports and policy reforms. Intervention is necessary to correct institutional failures and increase the women's capabilities. Bowmaker-Falconer and Meyer (2022) reported that government programmes are effective in helping women entrepreneurs navigate their challenges and address tax constraints.

5.4.2 Institutional Support

Lending institutions need to consider products specific to women. The women in the study reported they could not access financing because of a lack of capital, collateral, and

business plans. Lenders should assess how women are funded and whether these factors effectively predict success, tailoring supportive financing programmes to assist women. It is understood that lenders preserve the cost of capital and statistical models help with capital preservation, and cost. There is an opportunity for cash flow lending, capital lite products, and guarantee schemes.

5.4.3 Skills Development and Financial Literacy

Financial acumen is important to business survival, planning and success. This also help women entrepreneurs in navigating credit application processes. The training should be delivered collaboratively by government agencies, financial institutions, and industry associations to ensure sustainability.

5.5 Future Research Direction

Future studies can be conducted in other metropolitan areas to evaluate the similarities and differences in the challenges faced by women entrepreneurs across various cities. This should involve comparisons of best practices among the cities and policy approaches that could enhance women's entrepreneurial efforts. Future research could utilise qualitative methods, providing deeper insights through interviews and discussions.

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ANNEXURE A: COVER LETTER

Subject: Invitation to Participate in Research Survey

Dear Madam

My name is Yvonne September. I am currently a student, at the University of the Witwatersrand in my year of pursuing a Master of Business Administration degree. My research focuses on investigating the factors that impact access to financing (SMEs) owned by women in Johannesburg. This study forms a part of my university thesis.

The main objective of this research is to identify and understand the obstacles encountered by women-owned SMEs when seeking support from both public institutions. By shedding light on these challenges, I aim to facilitate interventions and policy enhancements that promote gender diversity.

Rest assured that all information collected through this survey will be kept confidential and treated anonymously. No individual or company-specific data will be disclosed; instead, only aggregate data will be shared. Your participation, in completing the questionnaire by a specified date would be greatly appreciated if you are willing to contribute.

Should you have any queries or concerns please do not hesitate to reach out to me or my supervisor. Thank you for your time and consideration.

Yvonne September (Student), mataladiseptember1@students.wits.ac.za

Prof Thabang Mokoaleli-Mokoteli, PhD (Supervisor), Thabang.mokoaleli-mokotrdi@wits.ac.za

ANNEXURE B: SURVEY QUESTIONNAIRE

Consent

* 1. Please advise if you consent to taking this survey

- ◯ Yes
- ◯ No

* 2. Are you a female in business?

- ◯ Yes
- ◯ No

Section A: Demographics Information (Business and Individual)

Please note you are not required to share any identifying information.

*3. What is your age?

- ◯ 18 to 30
- ◯ 31 to 40
- ◯ 41 to 50
- ◯ 50+

* 4. Education Level

- ◯ Basic Schooling,
- ◯ Matric,
- ◯ Undergraduate Degree,
- ◯ Post Graduate Degree

* 5. Years in Business

- ◯ Less than 1 year,
- ◯ 1-3 years,
- ◯ 4-6 years,
- ◯ 7-10 years
- ◯ 10+ years

* 6. Number of Employees

- ◯ 1-3,
- ◯ 3-5,
- ◯ 5-10,
- ◯ 10+

*7. Number of Businesses You Own

- ◯ 1 Business,
- ◯ 2 Businesses,
- ◯ More than 3 Businesses

Section B: Access to Finance

*8. Have you applied for external financing for your business in the last 3 years?

- ◯ Yes
- ◯ No

*9. If yes, what type of financing did you apply for? You may select more than one option.

- ☐ Bank loan
- ☐ Overdraft
- ☐ Government Loan/grant
- ☐ Movable Assets Finance
- ☐ Other (please specify)

*10. If you applied for a loan, was it approved?

- ◯ Yes
- ◯ No
- ◯ In progress

*11. If your loan was rejected, what reason was given by the lender? You may select more than one option.

- ☐ Inadequate business plan
- ☐ Poor credit history
- ☐ Gender discrimination
- ☐ Insufficient income (Affordability)
- ☐ Other (please specify)

*12. I have used my savings and cash to finance the business.

- ◯ Yes
- ◯ No

Section C: Challenges in securing finance.

*13. How would you rate your ability to access financing compared to male business owners in your sector?

- ◯ Very easy
- ◯ Easy
- ◯ Equal
- ◯ Difficult
- ◯ Very difficult

*14. What challenges have you encountered when seeking external financing for your business?

- ☐ High interest rate
- ☐ Lack of collateral
- ☐ Gender-based discrimination
- ☐ Lack of experience
- ☐ Lack of capital/Own contribution/deposit
- ☐ Other (please specify)

*15. Have you ever felt that your gender has affected your ability to access finance?

- ◯ Yes
- ◯ No

*16. If yes, in what ways do you think your gender has impacted your ability to secure financing? You may select more than one option

- ☐ Lenders perceive women as riskier borrowers.
- ☐ Lack of support from financial institutions
- ☐ Lack of specific female products
- ☐ Cultural and social bias
- ☐ Other (please specify)

Section D: Financial literacy and knowledge

*17. Do you feel you have adequate knowledge of financial products and services available to you as a business owner?

- ◯ Strongly Disagree
- ◯ Disagree
- ◯ Neutral
- ◯ Agree
- ◯ Strongly Agree

*18. Have you attended any financial literacy training or workshops related to business financing?

- ◯ Yes
- ◯ No

*19. Would you be interested in attending financial literacy workshops to improve your knowledge of financing options?

- ◯ Yes
- ◯ No

Section E: Support and government policies

*20. Are you aware of any government programs or policies aimed at supporting women-owned SMEs in accessing finance?

- ◯ Yes
- ◯ No

*21. Have you benefited from any of these government programs or policies? (Yes, No)

- ◯ Yes
- ◯ No

*22. If yes, which programs or policies have you benefited from? (Please specify)

*23. What additional support do you think the government or financial institutions could provide to women-owned SMEs to bridge the financing gender gap?

Section F: Recommendations

*24. What do you believe can be done to improve access to finance for women-owned SMEs in Johannesburg? (Please provide suggestions)