THE IMPACT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT ON THE DEVELOPMENT OF WOMEN ENTREPRENEURS

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ABSTRACT

Since the first democratic election in South Africa in 1994, there has been many policies aimed at empowering previously disadvantaged people especially women. In 1994 the Reconstruction and Development Programme (RDP) was adopted as a policy framework to guide in the transformation of South Africa.

The White Paper on the development of small business was published in 1995. The White Paper indicated that the government encouraged the South Africans to be engaged in entrepreneurship. It stated that, the small, medium and micro enterprises (SMME's) are a driving force in addressing growth and equity in South Africa.

Black Economic Empowerment (BEE) emerged in the mid 1990’s. The aim was to encourage black people to take part in all aspects of the South African economy. The government refined the concept Black Economic Empowerment to Broad-Based Black Economic Empowerment with the aim of improving BEE. Broad-Based Black Economic Empowerment (BBBEE) aimed at promoting the achievement of the constitutional right to equality and increasing broad-based and effective participation of black people in the economy. It also aimed at promoting a higher growth rate, increased employment and more equitable income distribution.

BBBEE was regarded as a project of re-distribution of productive resources to the benefit of groups of historically disadvantaged people. In reality BBBEE has been a process that provides enhanced opportunities for black individuals rather than groups. BBBEE has created a black capitalist class.

Women especially blacks were the most disadvantaged group, and BBBEE was supposed to develop women, especially women entrepreneurs. This study, however, indicated that BBBEE did not succeed in the development of women entrepreneurs on the ground level.
Women are motivated to take part in entrepreneurship, but they do not get enough support from the government. There are many obstacles that inhibit the growth of women entrepreneurs, such as the lack of financial support and business skills. Women also lack self-confidence.

The development of women entrepreneurs can improve the economic status of the country. Empowering women entrepreneurs and ensuring that they are also in the fast lane of BBBEE deals, could have a positive spin on job creation and poverty alleviation in South Africa.
ACKNOWLEDGEMENTS

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<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>BEE</td>
<td>Black Economic Empowerment</td>
</tr>
<tr>
<td>BBBEE</td>
<td>Broad-Based Black Economic Empowerment</td>
</tr>
<tr>
<td>BEECOM</td>
<td>Black Economic Empowerment Commission</td>
</tr>
<tr>
<td>DTI</td>
<td>Department of Trade and Industry</td>
</tr>
<tr>
<td>SAWEN</td>
<td>South African Women Entrepreneurs Network</td>
</tr>
<tr>
<td>IDC</td>
<td>Industrial Development Corporation</td>
</tr>
<tr>
<td>SMME</td>
<td>Small, Medium and Micro Enterprises</td>
</tr>
<tr>
<td>ASSIGSA</td>
<td>Accelerated and Shared Growth Initiative for South Africa</td>
</tr>
<tr>
<td>SA</td>
<td>South Africa</td>
</tr>
<tr>
<td>IFC</td>
<td>International Finance Corporation</td>
</tr>
<tr>
<td>NEF</td>
<td>National Empowerment Fund</td>
</tr>
<tr>
<td>JSE</td>
<td>Johannesburg Stock Exchange</td>
</tr>
<tr>
<td>TEA</td>
<td>Total Early-stage Entrepreneurial Activity</td>
</tr>
<tr>
<td>GEM</td>
<td>Global Entrepreneurship Monitor</td>
</tr>
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CHAPTER 1
NATURE AND SCOPE OF THE STUDY

1.1 INTRODUCTION

According to Smith-Hunter (2002:2), before the late 1800s women primary roles as wives and mothers relegated them to tasks performed in and around the home. Women were regarded as people who did not have potential. Women's role was to stay home and look after the children, hence the saying “a women’s place is in the kitchen”.

The women’s empowerment movement, which started in the early 1960, laid new ground work for the increased participation of women in the labour market. There has been an influx of women into the western labour market. Women also engaged in starting their own businesses. Women everywhere are becoming entrepreneurs; women are stepping away from traditional economic roles and venturing out to start their own businesses (Coughling & Thomas, 2002: 3).

During the South African Women Entrepreneurs Network National Conference held in Johannesburg in August 2006, the Minister for Agriculture and Land Affairs, said “women entrepreneurship in South Africa is still at its infancy” and urged women to be united and not struggle to benefit as individuals (Xingwana, 2006: 1).

Herrington, the lead researcher on the global entrepreneurship monitor in South Africa, discovered that women outnumbered male entrepreneurs in South Africa (Ben, 2007: 1). Women specifically were “silent champions” despite the low levels of education and the fact that many earned below R3999 per month. The authors further stated that female entrepreneurs rank 23 when it comes to world entrepreneurship rankings, while South African entrepreneurs both male and females ranked 30. South African women make up half of the country’s business force, but their contribution has not been adequately
nurtured. Women entrepreneurs operate in a male dominated area, but they also fight against lack of resources, such as financial backing, education and government support.

Women traditionally operated in businesses which were hypercompetitive and were easy to start because of existing but old technology and procedures. Women for instance were engaged in clothing retail and hawkers, which provided adequate income for the family and enough time to look after the family. There was little use of new technologies in the sectors where women were active (Ben, 2007: 1)

According to the honourable Deputy President Mlambo-Ngcuka (2006: 8), the government seeks an average growth of at least 6% of growth domestic product (GDP) by 2014 and this can be achieved by improving the environment and opportunities for more labour absorbing activities. Women can play a major role in this regard and therefore the government need to focus more on the development of women entrepreneurs and on expanding women’s access to economic opportunities in order to achieve its goal by 2014.

Coughlin and Thomas (2002: 58) emphasise that women entrepreneurs are a driving force in today’s modern economy and that the participation of women entrepreneurs strengthens the economy and furthermore can be a source of political, economic and social innovation. Female entrepreneurs are innovators, and innovation stimulates general economic growth (Coughlin & Thomas, 2002: 5).

Maas and Herrington (2006: 1) supports the fact that women entrepreneurs are a source of economic growth and for this to exist; the South African government needs to address the entrepreneurship policies. He further highlighted that entrepreneurial policies need to focus on ensuring that women who enter the labour market as entrepreneurs can sustain their involvement over time and graduate to higher levels of entrepreneurial activities. This will encourage stronger and more stable economic growth and job creation in South Africa.
The study focuses on how Broad-Based Black Economic Empowerment is developing women entrepreneurs, as their growth from the start-up level to the higher entrepreneurial level will increase or affect the economic status of the country positively.

1.2 PROBLEM STATEMENT

Broad-Based Black Economic empowerment means the economic empowerment of all black people including women, workers, youth, people with disabilities and people living in rural areas, through diverse but integrated socio-economic strategies, that include but not limited to:

- Increasing the number of black people who manage, own and control enterprises and productive assets;
- Facilitating ownership and management of enterprises and productive assets by communities, workers, co-operatives and other collective enterprises;
- Human resource and skills development;
- Achieving equitable representation in all occupational categories and levels in the workforce;
- Preferential procurement; and
- Investment in enterprises that are owned or managed by black people (DTI, 2004a: 6).

The narrowing of the gap between the growth in women entrepreneurship and the contextual reality is contingent on skill training and tertiary education, removal of hidden and subtle gender discrimination. It also depends on change in existing prejudices and stereotypes regarding the role of women in a male-dominated economy; the demand for socio-economic rights; and policy advocacy (DTI, 2005b: 10).

Wright (2007: 1) highlighted that research at the university of Pretoria research discovered that women-owned businesses in South Africa, are generally less competitive than those run by men. The research indicated that women entrepreneurs
are also typically less equipped to present a convincing business proposal to prospective financiers. This discrepancy is mainly attributable to the multiple roles women are expected to fulfil in the South African society, which limits their access to essential business services and industry information.

This study focuses on what Broad-Based Black Economic Empowerment is doing to develop women entrepreneurs, so that their businesses can grow and employ many people to reduce poverty.

1.3 OBJECTIVES OF THE STUDY

The objectives of the study have been set out as follows:

1.3.1 Primary objective

The primary objective of the study is to investigate the impact of Broad-Based Black Economic Empowerment (BBBEE) on women entrepreneurs in South Africa and to make recommendations on how to optimally develop women entrepreneurs.

1.3.2 Secondary objectives

In order to achieve the primary objective, the following secondary objectives will be pursued:

- To define Broad-Based Black Economic Empowerment (BBBEE);
- To obtain insight into the dynamics of BBBEE by means of a literature study;
- To determine the state of women entrepreneurship in South Africa;
- To determine the contribution of women entrepreneurs on the growth of the economy;
- To establish how Broad-Based Black Economic Empowerment develops women entrepreneurs;
• To construct a questionnaire to assess women entrepreneurship and assess women entrepreneurship in the Bojanala Region; and
• To make conclusions and recommendations based on the literature study and empirical study.

1.4 SCOPE OF THE STUDY

1.4.1 Field of study

This study focuses on the historical background of Broad-Based Black Economic Empowerment, its objectives, key principles, components and elements. The study also focuses on women entrepreneurs and the role of Broad-Based Black Economic Empowerment in empowering women entrepreneurs.

1.4.2 Geographical scope

The study will be conducted in Rustenburg in the Bojanala region. The Bojanala region is a mining area in Rustenburg, where there are many women who are engaged in formal and informal businesses. Rustenburg is a town surrounded by villages, townships, mines and factories. The empirical study will be based on responses from start-up and existing women entrepreneurs. All entrepreneurs involved in the study have businesses in the Rustenburg area. There are various types of businesses in the area, majority owned by men, formal and informal entrepreneurships.

1.5 RESEARCH METHODOLOGY

Research can be used to find a solution to a problem, or to improve the existing solution. It helps the researcher to gain more knowledge on the research problem and hence come up with recommendation and conclusions.
1.5.1 Literature study

A literature study was done on Broad-Based Black Economic Empowerment and women entrepreneurs. The aim was to define Broad-Based Black Economic Empowerment, determine its aims, objectives and its impact on women entrepreneurs. The study on women entrepreneurs for economic growth was conducted. Reference materials used for the literature study include the internet; journal articles, newspapers, speeches, books and government gazettes.

1.5.2 Empirical study

The target population of this study was women entrepreneurs in the Bojanala Region in Rustenburg, South Africa. Numerous attempts were made to secure a database of women businesses in this Region, but to no avail. Therefore, it was decided to use a convenience sample, by means of the snowball sampling technique, to identify the women businesses that participated in this study.

To generate a preliminary list of women businesses, well-known women entrepreneurs were contacted in the Bojanala Region. These women entrepreneurs then acted as informants and identified potential women entrepreneurs for inclusion in the sample. The latter then identified a further set of women entrepreneurs. A database of 45 women entrepreneurs was compiled. These women entrepreneurs on the compiled database were subsequently contacted telephonically to confirm their willingness to participate in the study. Appointments were scheduled to conduct the research.

The purpose of the study was explained to them verbally and in writing. Permission to tape-record the interview was also asked and participants were assured that their names will not be disclosed if they so wish. Respondents were requested to complete a questionnaire. The questionnaire comprises of different types of questions based on the literature study. These findings will be analysed and conclusions and recommendations will be made to achieve the objectives of the research.
1.6 LIMITATIONS OF THE STUDY

The following aspects have been identified as limitations of the study:

1.6.1 Limited geographical scope of the study

The empirical research is limited to Rustenburg in the Bojanala region only. The literature study focuses on South African literature because Broad- Based Black Economic Empowerment is a South African programme. This is a limitation because the findings of the study cannot be taken as a general representation of women entrepreneurs.

1.6.2 Limited time for the study

The time taken to conduct the research is too limited because the empirical study will be done after hours and not during working hours. The research should also be completed within a specific period, so time to conduct the survey is limited. The study is also limited to women entrepreneurs only because of time constraints.

1.6.3 Limited sample size

The study focuses only on 30 women entrepreneurs who have registered and unregistered companies. This is a limitation because the sample size is too small to generalise the findings to women entrepreneurs in South Africa.
1.7 LAYOUT OF THE STUDY

The study is divided into 4 chapters. Refer to figure 1.1 for a layout of the study.

Figure 1.1: Layout of the study

- CHAPTER 1
  Nature and scope of the study

- CHAPTER 2
  Literature study
  BBBEE
  Women Entrepreneurs

- CHAPTER 3
  Empirical study
  Data gathering and
  Discussions

- CHAPTER 4
  Conclusions and
  Recommendations
The contents of the chapters can be summarised as follows:

Chapter one covers the introduction, problem statement, objectives, scope of the study, research methodology, and limitations of the study.

Chapter two presents a literature review and covers the definition of entrepreneurship, Black Economic Empowerment (BEE), Broad-Based Black Economic Empowerment, empowerment (BBBEE), empowerment, Black Economic Empowerment (BEE) scorecard, black people and black woman-owned enterprises. This chapter also outlines the policy objectives, key principles, components and elements of BBBEE. The chapter includes policy instruments to achieve BBBEE and also focuses on women entrepreneurship.

Chapter three is about empirical research which includes the gathering of data from women entrepreneurs and Broad-Based Black Economic companies and the discussion of the findings.

In chapter four the conclusions and recommendations based on the literature study and the results of the empirical research will be discussed. It includes recommendations on how BBBEE can accelerate women entrepreneurship. The achievement of the objectives and suggestions for future research will also be discussed.
CHAPTER 2
LITERATURE REVIEW OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT AND WOMEN ENTREPRENEURSHIP

2.1 INTRODUCTION

The concept and process of Broad-Based Black Economic Empowerment (BBBEE) remains the subject of widespread and lively debate in South Africa. Critics say it has just created black elite but done little to help the masses. Nxedlana (2007: 6) indicated that BBBEE sparks anger and hate. Nxedlana believes that there is no progress with regard to BBBEE and it benefits only a few. He said “just look at their houses and luxury vehicles, compliments of the despicably flawed Black Economic Empowerment scheme”. Nxedlana (2007: 6) further emphasized that BBBEE is a sham and an insult to the poor. BBBEE has not only widened the gap between rich and poor, it has also incited hatred and anger towards the new elite. It has encouraged some people to pursue a career in business, in the process abandoning their duties or responsibilities to the people.

In this chapter, a literature study is undertaken and will focus on the definition of key concepts being entrepreneurship, women entrepreneurship, Black Economic Empowerment, Broad–Based Black Economic Empowerment, empowerment, economic empowerment and the BEE scorecard.

The history of Black Economic Empowerment (BEE) and Broad–Based Black Economic Empowerment (BBBEE), its policy objectives, key principles, components and elements of BEE and policy instruments to achieve BEE will also be discussed.

Lastly this chapter focuses at women entrepreneurship, which includes statistics of women entrepreneurs, level of education regarding entrepreneurship, obstacles towards entrepreneurship or self-development and women entrepreneurs' financial status.
2.2 DEFINITION OF TERMS

It is very important that concepts used in the literature study be defined to clarify them, because one word or concept can have different meanings.

2.2.1 Entrepreneurship: Timmons and Spinelli (2007: 79) define entrepreneurship as a way of thinking, reasoning and acting that is opportunity obsessed, holistic in approach, and leadership balanced. They further outline that entrepreneurship results in the creation, enhancement, realization and renewal of value, not just for owners, but for all participants and stakeholders.

2.2.2 Black Economic Empowerment (BEE) is defined as an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increase in the number of black people who manage, own and control the country’s economy, as well as significant decrease in income inequalities (DTI, 2004a: 11).

2.2.3 Broad-Based Black Economic Empowerment (BBBEE) means the economic empowerment of all black people including women, workers, youth, people with disabilities and people living in rural areas through diverse but integrated socio-economic strategies, that include, but not limited to:

- Increasing the number of black people that manage, own and control enterprises and productive assets;
- Facilitating ownership and management of enterprises and productive assets by communities, workers, cooperatives and other collective enterprises;
- Human resource and skills development;
- Achieving equitable representation in all occupational categories and levels in the workforce;
- Preferential procurement; and
• Investment in enterprises that are owned or managed by black people (DTI, 2004a: 6).

2.2.4 Empowerment is to allow people the freedom to decide how to do things (Coetsee, 2003: 33).

2.2.5 The Black Economic Empowerment (BEE) scorecard is a scorecard for the measurement of Broad-Based Black Economic Empowerment for a particular enterprise (DTI, 2004a: 59).

2.2.6 The Broad-Based Black Economic Empowerment Act, No. 53 of 2003 aims to establish a legislative framework for the promotion of black economic empowerment, to empower the Minister to issue codes of good practice and to publish transformation charter, to establish the Black Economic Empowerment Advisory Council, and to provide for matters connected therewith. The BBBEE Act (53/2003)

2.2.7 Black people is a generic term which includes Africans, Coloureds and Indians.

2.2.8 A black woman-owned enterprise is one with at least 25.1% representation by black women within the black equity and management portion (DTI, 2004a: 65).

2.3 HISTORY OF BEE

“Apartheid systematically and purposefully restricted the majority of South Africans from meaningful participation in the economy. The assets of millions of people were directly and indirectly destroyed and access to skills and to self-employment was radically restricted” (DTI, 2005a: 4).

According to Jack (2006: 7-8), the Black Economic Empowerment strategy document was released in 2003. During 2003, the financial services group Sanlam sold its controlling interest in Metropolitan Life (Metlife) to Black shareholders of Metlife.
Investment Holdings (Methold), a consortium formed by prominent Black business people and community leaders. The consortium eventually became New Africa Investments Limited (Nail), chaired by Dr. Nthato Motlana. Nail grew into one of the largest Black-owned publicly traded companies, and its success acted as a catalyst for the entry of other Black consortiums into the BEE arena in 1996. Towards the end of 1998, BEE companies did not perform well because of poor capitalisation. They simply owed more than they could pay.

In November 1997, the Black Management Forum, proposed the establishment of the Black Economic Empowerment Commission (BEECom). In 2000 the BEECom released its report affirming the broad-based approach to BEE, which included a change in approach from the exclusive focus on ownership to other elements such as employment equity, skills development and preferential procurement. The BEE strategy was released in 2003 and the Draft Codes of Good Practice on Broad-Based BEE was released in 2004 (Jack, 2006: 9-10)

Jack (2006: 28) further outlines that after the Department of Trade and Industry (DTI) Strategy document, the Minister of Trade and Industry appointed a team of specialists to advice on drawing up the BEE Act. The council of provinces accepted the Bill and the President signed it into a law in January 2004 when it became the Broad-Based Black Economic Empowerment Act No. 53 of 2003.
Refer to the following table for the timeline of the history of BBBEE.

**Figure 2.1: The BBBEE historical timeline**

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
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<tbody>
<tr>
<td>1998</td>
<td>BEE Commission established</td>
</tr>
<tr>
<td>2000</td>
<td>BEE Commission’s report released</td>
</tr>
<tr>
<td>2003</td>
<td>Dti released BEE strategy Document</td>
</tr>
<tr>
<td></td>
<td>April 2004 – Drafting of Phase 1 of the Codes began</td>
</tr>
<tr>
<td></td>
<td>Dec. 2004 – Release of first draft of Phase 1 for public comment</td>
</tr>
<tr>
<td>2005</td>
<td>March to June 2005 – Collation of comments on Phase 1</td>
</tr>
<tr>
<td></td>
<td>April 2005 – Drafting of Phase 2 began</td>
</tr>
<tr>
<td></td>
<td>June 2005 – Second draft discussed with key private sector stakeholders</td>
</tr>
<tr>
<td></td>
<td>Oct. 2005 – Cabinet approved Phase 1 in principle</td>
</tr>
<tr>
<td></td>
<td>Nov. 2005 – Release final draft of Phase 1</td>
</tr>
<tr>
<td></td>
<td>Dec. 2005 – Release of draft of Phase 2</td>
</tr>
<tr>
<td>2006</td>
<td>March 2006 – Cut-off for public comment on Phase 2</td>
</tr>
<tr>
<td></td>
<td>April to July 2006 – Collation of comments on Phase 2</td>
</tr>
<tr>
<td></td>
<td>Aug. 2006 – Simplified Codes prepared for Cabinet</td>
</tr>
<tr>
<td></td>
<td>Feb. 2007 – Codes of Good Practice gazetted</td>
</tr>
</tbody>
</table>

Source: DTI’s Code Interpretive Guide (as quoted by Jack & Harris, 2006: 37)
South Africa's first democratic government was elected in 1994. The democratic government had to redress the inequalities of the past in all spheres that is political, social and economical. Strategies were put in place to redress the situation. Black Economic Empowerment was also enacted as one of the strategies that would help black people to participate meaningfully in the country’s economy. “Broad-Based Black Economic Empowerment is a necessary government intervention to address the systematic exclusion of the majority of South Africans from full participation in the economy” (Anon., 2000: 4).

The Black Economic Empowerment Strategy paved the way for legislation to promote BEE and the Broad-Based Black Economic Empowerment Act No. 53 of 2003 section 2 of the Act outlines that the objectives of the act are to facilitate broad-based black economic empowerment by:

- Promoting economic transformation in order to enable meaningful participation of black people in the economy.
- Achieving a substantial change in the racial composition of ownership and management structures and in the skilled occupations of existing and new enterprises.
- Increasing the extent to which communities, workers, cooperatives and other collective enterprises own and manage existing and new enterprises and increasing their access to economic activities, infrastructure and skills training.
- Increasing the extent to which black women own and manage existing and new enterprises, and increasing their access to economic activities, infrastructure and skills training.
- Promoting investment programmes that lead to broad-based and meaningful participation in the economy by black people in order to achieve sustainable development and general prosperity.
- Empowering rural and local communities by enabling access to economic activities, land, infrastructure, ownership and skills.
• Promoting access to finance for black economic empowerment. The BBBEE Act (53/2003)

The Black Economic Empowerment Advisory Council was also established. The functions of the council as outlined in Section 5 of the act are among others to:

• Advise government on black economic empowerment.
• Review progress in achieving black economic empowerment.
• Facilitate partnerships between organs of state and the private sector that will advance the objectives of this act.
• Advise the Minister on Codes of Good Practice. The BBBEE Act (53/2003)

Government had also re-oriented many of its incentives and enterprise support measures to promote broad-based black economic empowerment. Efforts were made to increase public awareness of available incentives and enterprise support. The decentralisation of resources was expedited through the active participation of local and provincial government. (DTI, 2005a: 9)

A total of R2.2 billion was allocated to fund BEE initiatives for the 2002/2003 financial year. Department of Trade and Industry’s agencies like Ntsika, Khula, Industrial Development Corporation (IDC), offerings from Land Bank, the Development Bank of Southern Africa and other financial development institutions, financially supported BEE strategies. (DTI, 2005a: 9)

The Isibaya Fund contributed an amount of R321 million and the Umsobomvu Fund contributed R461 million. A strategy for Broad-Based Black Economic Empowerment (DTI, 2005a: 10) states that government’s approach was to situate black economic empowerment within the context of a broader national empowerment strategy that focused on historically disadvantaged people, and particularly black people, women, youth, the disabled and rural communities.
2.4 POLICY OBJECTIVES OF BEE

According to the DTI (2005a: 12-13), the successful implementation of the BEE strategy will be evaluated against the following policy objectives:

- A substantial increase in the number of black people who have ownership and control of existing and new enterprises.
- A substantial increase in the number of black people who have ownership and control of existing and new enterprises in the priority sectors of the economy.
- A significant increase in the number of new black enterprises, black-empowered enterprises and black engendered enterprises.
- A significant increase in the number of black people in executive and senior management of enterprises.
- An increasing proportion of the ownership and management of economic activities vested in community and broad-based enterprises and cooperatives.
- Increased ownership of land and other productive assets, improved access to infrastructure, improved acquisition of skills and increased participation in productive economic activities in under-developed areas.
- Accelerated and shared economic growth.
- Increased income levels of black persons and a reduction of income inequalities between and within race groups.

2.5 KEY PRINCIPLES OF BEE

It is essential that all BEE initiatives embody the principles in order to ensure that the BEE process is implemented and accelerated in a meaningful and sustainable manner (DTI, 2004a: 7). The following principles must be adhered to:
2.5.1 Black Economic Empowerment is broad-based

- The process seeks to accelerate the de-racialisation of the South African economy and to fast track the re-entry of historically marginalized communities into the mainstream of the economy.
- The process also ensures that both its application instruments and the beneficiaries are broad-based (DTI, 2004a: 7).

2.5.2 Black Economic Empowerment is an inclusive process

- The process will benefit South Africans.
- All enterprises, irrespective of the racial categorization of its equity holders and management, can contribute toward the element of the Broad-Based BEE process.
- No economy can grow by excluding part of its people and an economy that is not growing cannot economically integrate its citizens in a meaningful way (DTI, 2004a: 7).

2.5.3 Black Economic Empowerment is associated with good governance

- BEE must be associated with and ensure the highest standards of corporate governance (DTI, 2004a: 7).

2.5.4 Black Economic Empowerment is part of our growth strategy

- Economic growth, development and BEE are complementary and related processes.
- BEE process is associated with growth, development and enterprise development, and not the redistribution of existing wealth.
- The core-component of the BEE strategy is the creation and nurturing of new enterprises undertaking new forms of economic value-added activities (DTI, 2004a: 8).
2.6 THE COMPONENTS AND ELEMENTS OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT

One of the most constructive and impactful developments in BEE has been the release of the Codes of Good Practice by the Department of Trade and Industry (DTI). These codes provide guidance to the implementation of BEE initiatives to ensure that these initiatives have substance and are sustainable (Anon., 2005: 2).

These codes are grouped in accordance with the elements of the Broad-Based Black Economic Empowerment scorecard. The Black Economic Empowerment (BEE) scorecard sets out guidelines for business and sectoral organizations on the weight to be attached to various elements of empowerment. Government has long realized that BEE should not mean mere equity ownership by blacks, but skills transfer too (Anon., 2005: 3).

The scorecard measures the three core elements of BEE, i.e.:

- Direct empowerment – through ownership and control of enterprises and assets.
- Human resource development – training and employment of previously disadvantaged South Africans in senior, general and technical posts.
- Enterprise development – this measures the extent to which existing enterprises must create opportunities for black entrepreneurs in terms of procurement and financing (Anon., 2005: 2-3).

According to Balshaw and Goldberg (2005: 75), the components may be further subdivided into the seven elements which are the pillars of BEE. These elements provide a common base for measuring the impact of policy objectives of broad-based BEE across different entities and sectors within the economy.
The seven elements as stated by Balshaw and Goldberg (2005: 76) are as follows:

- Equity ownership;
- Management;
- Employment equity;
- Skills development;
- Preferential procurement;
- Enterprise development; and
- Other residual elements.

Figure 2.2 presents the components of BEE.

**Figure 2.2: Components and elements of BEE**

Source: Balshaw and Goldberg (2005: 76)
Jack (2006: 116) explains ownership, management and employment equity as follows:

Ownership is not about giving people money or shares and forgetting about Black Economic Empowerment. The objective is to increase the number of black people who own, control and manage the economic resources of the country.

The objective of the management element is not to promote people into positions for which they are not qualified. The intention is to encourage companies to recognise talented black people and groom them actively for senior management positions.

The equity principle aims at creating a workforce profile at all occupational categories and levels, which is representative of the country’s demographics. The aim is to ensure equal employment opportunities for everyone in the economy.

Chong and Williams (2006: 1) explain that the preferential procurement element measures the extent to which enterprises implement initiatives aimed at widening market access to other enterprises that meet specified BEE criteria. The enterprise development element measures the extent to which an enterprise implements initiatives intended to assist and accelerate the development of enterprises that meet the BEE compliance requirements set out for enterprise development. Chong and Williams (2006: 1) further outline that residual contributions refer to specific measures that certain industries can take to uplift the majority of South Africans like providing banking services for the previously unbanked in the financial sector and corporate social investment.
According to the Department of Trade and Industry DTI (2005a: 14), government utilizes a number of policy instruments to achieve its objectives in respect of BEE. These include legislation and regulation, preferential procurement, institutional support, financial and other incentive schemes. In addition the government seeks partnerships with private sectors to accelerate the BEE process.

Government uses a 'balanced scorecard' to measure progress made in achieving BEE by enterprises and sectors. The use of a common scorecard by different stakeholders provides a basic framework against which to benchmark the BEE process in different enterprises and sectors. The scorecard measures the three core elements of BEE, and also facilitates the process of setting measurable targets for BEE. (DTI, 2005a: 14). (Refer to table 2.1).

DTI (2005a: 14) further highlights that the scorecard is issued as a Code of Good Practice in terms of the legislation. The code allows for a measure of flexibility in order that it can be adapted to the particular circumstances of specific sectors or enterprises, while at the same time bringing a measure of standardisation to the definition and measurement of BEE. The scorecard allows government departments, state-owned enterprises, and other public agencies to align their own procurement practices and individual BEE strategies. The scorecard also facilitates the process of setting measurable targets for BEE.
Table 2.1: The BEE scorecard

<table>
<thead>
<tr>
<th>Core component of BEE</th>
<th>Indicators</th>
<th>Conversion Factor</th>
<th>Raw Score</th>
<th>Weighting</th>
<th>Total score</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct empowerment score</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity Ownership</td>
<td>% share of economic benefits</td>
<td></td>
<td></td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>Management</td>
<td>% black persons in executive management and/or executive board and board committees</td>
<td></td>
<td></td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td><strong>Human resource development and employment equity score</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment equity</td>
<td>Weighted employment equity analysis</td>
<td></td>
<td></td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Skills development</td>
<td>Skills development expenditure as a proportion of total payroll</td>
<td></td>
<td></td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td><strong>Indirect empowerment score</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preferential procurement</td>
<td>Procurement from black-owned and empowered enterprises as a proportion of total procurement</td>
<td></td>
<td></td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>Enterprise development</td>
<td>Investment in black-owned and empowered enterprises as a proportion of total assets</td>
<td></td>
<td></td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td><strong>Residual 10%</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To be determined by sector/enterprise</td>
<td></td>
<td></td>
<td></td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td><strong>Total Score out of 100%</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Department of Trade and Industry (DTI, 2003: 23)
In the magazine, *Portfolio business in South Africa*, Jack (2006: 15) gave an overview on the status of Black business. Jack outlined the extend to which Black Economic Empowerment has been a success. In the past 12 years there has been some progress in the overall contribution to BEE within the JSE but it has not been a smooth path to get the companies moving. The first wave of BEE was ushered in by the landmark deal by Sanlam when they sold selected assets to black people. Similar sale of assets occurred when Anglo American sold Johnnie. Prior to the release of the codes in 2004, only top six Consortiums were involved in 70% of the deals and only 10% of the deals concluded during 2005/2006. Jack (2006: 15) further outlined that the participation of black women as significant partners in BEE deals has increased steadily after the release of the draft codes with their participation standing at 60% of the deals concluded.

### 2.8 WOMEN ENTREPRENEURSHIP

Maas and Herrington (2006: 38) state that in South Africa, women make up 52% of the adult population. Of this, only 41% are regarded as being part of the active working population and only 14.7% find themselves in executive managerial positions. Women in South Africa make up over half the business force and their contribution have not been adequately nurtured. The majority of South African women entrepreneurs operate within the crafts, hawking, personal services and retail sectors (DTI, 2005b: 2).

O’Neil and Viljoen (2001: 1) state that women entrepreneurs are largely underrepresented in South Africa. Although they represent 52% of the population, they only own 33% of businesses.
Black women are the largest self-employed group of the population, with the vast majority however still running informal businesses. There are approximately 1,009,114 black women working for themselves compared to 833,704 black men and 119,671 white women (Naidoo & Hilton, 2004: 2). The authors further indicate that women running businesses mostly run micro enterprises, employing four to less people. Women, furthermore, are also moving up the business ladder, away from the traditional hawking of goods and services to other business opportunities such as franchising, furniture manufacturing, printing, travel agencies and property development. Refer to figure 2.3 that depicted the self-employment percentage of each race/gender segment.

**Figure 2.3: Self-employment percentage of each race/gender segment – adults 20+**

Source: Naidoo and Hilton (2004: 2)

Mass and Herrington (2006: 55) discovered that the Total Early-stage Entrepreneurial Activity (TEA) rates for women remained constant for years. Women therefore do not graduate to the next level after the start-up phase. The majority of women entrepreneurs have an educational qualification equal to or lower than grade 12 and this may influence the way women entrepreneurs operate in business terms, such as their tendency to be involved in opportunities that do not require high level of expertise.
Maas and Herrington (2006: 56) further outlined that the specific entrepreneurial skills that women entrepreneurs lack are in areas such as financial management, idea generation skills, conducting feasibility studies, exporting and technology skills. Women would rather try to balance their family and business obligations which led them to be involved in relatively easy projects where the emphasis is on creating additional income, rather than on expanding.

South Africa's Total Early-Stage Entrepreneurial Activity (TEA) index in 2006 was 5.29%. The profile of people who are categorized as entrepreneurs within the Total Early-stage Entrepreneurial Activity (TEA) shows that 2.8% are male and 2.5% female. In 2005 the women TEA rate was 2.4%, therefore, it shows a slight increase to 2006 (Maas & Herrington, 2006: 27).

2.9 WOMEN AND EDUCATION

In terms of educational level, 71.2% of women involved in Total Early-stage Entrepreneurial Activity (TEA) activities in 2006 have a grade 12 or lower educational qualification (Maas & Herrington, 2006: 42). This could influence the exploitation of "higher order" entrepreneurial opportunities because generally, due to their complexity, these opportunities demand higher levels of education. The GEM 2006 report further shows that the majority of women involved in the Total Early-stage Entrepreneurial Activity (TEA) are Black women with 71.6%, followed by White women with 14.7% (Maas & Herrington, 2006: 42).
Table 2.2: Educational levels of women involved in TEA – 2006

<table>
<thead>
<tr>
<th>Level of education</th>
<th>Involved in TEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>No school</td>
<td>1.5%</td>
</tr>
<tr>
<td>Some primary school</td>
<td>1.5%</td>
</tr>
<tr>
<td>Primary school completed</td>
<td>1.5%</td>
</tr>
<tr>
<td>Some high school</td>
<td>27.3%</td>
</tr>
<tr>
<td>High school completed</td>
<td>39.4%</td>
</tr>
<tr>
<td>Some university</td>
<td>3.0%</td>
</tr>
<tr>
<td>University completed</td>
<td>7.6%</td>
</tr>
<tr>
<td>Other post-Grade 12 qualification</td>
<td>18.2%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Maas and Herrington (2006: 42)

2.10 WOMEN AND FINANCE

According to Naidoo and Hilton (2004: 1), women-owned businesses in South Africa are generally less competitive than those run by men, and women entrepreneurs are also typically less equipped to represent a convincing business proposal to prospective financiers.

Black women are a huge potential market for financial institutions. Only 38% of black women are formally banked against 44% of black men and 94% and 91% of white men and women respectively. A total of 42% of black women are financially excluded - they have no financial products. The remaining 20% of black women use informal products such as “stokvels,” savings, clubs, burial societies and informal sources of credit (Naidoo & Hamilton, 2004: 3).
Throughout the country, male-owned enterprises outnumber those run by women by more than two to one. The gender breakdown within industrial sectors show that half of these women-run enterprises are in the trade sectors, that is "spaza" shops and shebeens. Clothes manufacturing and community, social and personal services are also important categories of enterprises in which women participate (Anon., 2001: 1).

The Accelerated and Shared Growth Initiative for South Africa (ASGISA) is focusing its attention on SMME's and co-operatives, since the two are crucial to economic growth. The absence of funding is a major impediment to economic growth since it not only prevents women from starting their own business, but also prevents further growth of existing women-owned business. The entrepreneurial spirit of women is thus dampened by a lack of funding. The launch of the Women's Fund by Business Partners Limited, and other role players, was a major triumph for the investment of women in business. Dedicating a fund that assist women entrepreneurs to own and grow their small and medium businesses, will unlock economic growth and empower women (Zuma, 2007: 42). Zuma further emphasized that women must be recognized as being the centre of African economic growth.

### 2.11 FACTORS INFLUENCING WOMEN ENTREPRENEURS

According to the DTI (2005b: 2), several factors were identified that affect women entrepreneurs in South Africa and included the following:

- Gender and geographic location;
- Poverty;
- Landlessness;
- Vulnerability;
- Education;
- Family responsibilities;
- HIV / AIDS;
- Inadequate education and training; and
• Access to capital.

Women normally rely on personal income to provide the initial finance for their enterprises. Alarmingly, the study highlighted the fact that 42% of women earn between R1 and R750 per month, and the majority of females are involved in lower-level occupations (DTI, 2005b: 2).

There are some factors which influence women to be involved or take part in entrepreneurship. Among others are the following as stated by Maas and Herrington (2006: 51):

• Government policies are favouring previously disadvantaged groups such as women.
• There are more role models for women entrepreneurs.
• Women compete against male entrepreneurs and that motivates them to prove themselves.
• Women want to become financially independent and to do things on their own, particularly because they have not previously had the opportunity to do so.
• Women entrepreneurs experience a flexibility in their businesses that allows them to organize their business around their personal requirements such as taking care of the family.
• Women have a passion to work with people.
• Women start their own businesses to get away from corporate politics because women are not natural corporate political players.

2.12 BLACK ECONOMIC EMPOWERMENT AND WOMEN ENTREPRENEURSHIP

Entrepreneurship lies at the heart of job creation, black economic empowerment and bringing the "second" economy into the mainstream economy. Studies shows that by international and African standards, South Africa can do much more to achieve its full SMME potential and women entrepreneurs lie at the heart of this (DTI, 2005: 5).
Jack (2006: 22) emphasized that it is important that Black Economic Empowerment benefits a broad base of individuals rather than creating a black elite. Disadvantaged groups like women should be included to expand the base of the economy. BEE is not solely about transfer of economic assets, but should involve skills development to ensure economic growth and the reflection of the demographics of the country.

The Minister of Trade and Industry, Lindiwe Hendriks (2003), emphasized the importance of the Broad-Based Black Economic Empowerment Bill, that it starts to address the need for women entrepreneurs to be included in the structural transformation of our economy and for women entrepreneurs to benefit from the changes that will take place in South Africa.

By incorporating and specifically targeting women, who make up 60% of SMME and survivalist businesses in South Africa, this Bill fulfils its mandate of being a broad-based document that starts to address the needs of the majority of the population. However, it is necessary that through this empowerment legislation, women who are concentrated in the lower echelons of the business community feel the impact of this policy and are empowered to move up the value chain and are able to grow their businesses in order to make a greater contribution to the economy (Hendriks, 2003: 1).

According to the speech by Minister Hendriks (2003: 1), organizations such as South African Women Entrepreneurs Network (SAWEN) and other businesswomen’s associations, will play a useful role in ensuring that the implementation of the BEE strategy is broad based and benefits women.

The South African Women Entrepreneurs Network (SAWEN) represents and supports women entrepreneurs within the South African Small, Medium and Micro Enterprise (SMME) sector. SAWEN was established by the Department of Trade and Industry (DTI) in response to the fact that women entrepreneurs in South Africa continuously face a wide array of obstacles in starting, growing and sustaining their own enterprises.
SAWEN is a vehicle for bringing the country’s women entrepreneurs together and addressing the challenges they face (DTI, 2004b: 1).

The Minister for Agriculture and Land Affairs Xingwana Lulu (2006: 1), in her keynote address at the SAWEN conference emphasized that women entrepreneurship in South Africa is still at its infancy and appealed to women to be united.

Equality and equity are the cornerstones of the South African democracy, yet women have still not been major beneficiaries of the Black Economic Empowerment process. Whilst there are signs of professional development amongst women, this should not be mistaken as an indication of women’s economic participation (DTI, 2006: 4).

Empowering women, and in particular black women, is an economic factor. This has, and will continue to increase the social living standards of South African families. In the South African society, women are still the primary caregivers of children and the elders. By empowering a woman, government is including the whole family in the economic uplifting, resulting in an automatic multiplier effect (DTI, 2006: 4).

Statistics show that almost half of all SMME’s are 60% or majority owned by women. Women business owners are good creditors, contribute well to generating employment and do well running their businesses. These businesses remain sidelined in the informal sector, often hampered by burdensome barriers to entry (Sebotsa, 2005: 1).

According to Sebotsa (2005: 1), women’s economic upliftment, especially that of poor rural women is a national challenge, not just a state responsibility. Active participation by leaders in the private sector is crucial if it is to avoid women being left behind in black economic empowerment.

For the government and the Department of Trade and Industry (DTI) women are critical components for alleviating poverty as a national priority and for the promotion of BEE (DTI, 2005b: 10).
According to Department of Trade and Industry (2005b: 13), there is an urgent need for more government involvement in women’s entrepreneurial development and greater emphasis should be placed on funding women entrepreneurship in South Africa.

Maas and Herrington (2006: 36) indicate that it is clear that the country needs to embark on creating more businesses that can stimulate economic growth and development. The authors argue further that the number of people that are involved in the Total Early-stage Entrepreneurial Activity (TEA) activities is also a clear indication that South Africa is not succeeding in creating enough businesses in this category.

The Black Economic Empowerment deal arena has largely been deemed a man’s domain. Emphasizing this point is the fact that no one of South Africa’s established empowerment women figure-heads appears on the empowerment serial dealers list (Mwanza, 2005:13).

BEE is a government-instituted tool to transform the economy of South Africa in the interest of all its citizens, with the emphasis on black disempowered people. But the process of BEE must be demystified for community organizations, aspiring entrepreneurs, informal traders and the millions of illiterate people in our country. All empowerment initiatives must be directed at creating quality jobs, building infrastructure and improving the conditions of communities in informal settlements and rural areas. All BEE activities must be geared towards increasing value for all stakeholders in the country. We must not fool ourselves thinking the rich and famous have the interests of the masses at heart. This is described by Buys (2007: 2).

Naidoo and Hilton (2006: 6) indicate that despite the BEE act being clear on the need for women to be equal beneficiaries of black economic empowerment, the prevailing opinion among women surveyed, including some of the large women’s investment groups that have done well, is that BEE is mainly a men’s game, with women treated as minor partners or add-ons.
Gender continues to be a terrain of struggle for women even as South Africa embarks on a broad programme for Black Economic Empowerment. However, ownership and procurement targets are central in determining who effectively obtains access to business opportunities, finance and economic participation in the long run. These areas are generally gender-neutral and consequently result in women continuing to play a marginal role to men (Naidoo & Hilton, 2006: 70).

According to Naidoo and Hilton (2006: 70), the following sentiments appeared in an article from the Financial Mail in 2004, and remain valid:

• Through the Black Economic Empowerment (BEE) charters make special mention of women in terms of employment, targets are particularly low and there is no differentiation from black men at ownership level.

• The financial services charter, for example, targets only 4% of executive management for black women and makes no mention of ownership targets for black women.

• Government tenders also specify that companies must have some women empowerment, but the percentage specified is generally small.

• Few women’s companies are the lead partners in big empowerment deals; they more often piggyback on male-dominated companies.

• As black economic empowerment gathers momentum women are beginning to delve deep to find the reasons they are being largely excluded from the transformation of corporate South Africa.

• The BEE Act is largely silent on women’s empowerment and simply defines the beneficiaries of the law as black people. The black shareholding elite are generally seen as a “bull show.”
Another stumbling block for women is the no concessions ethic, which holds: “do not expect any concessions because you’re a woman.” The implication is that a dual focus on race and gender dilutes the focus of affirmative action and black empowerment.

Codes of Good Practice (Black Economic Empowerment Codes of Good Practice) have recently been introduced to further refine the empowerment agenda of government up to now. The Codes have therefore not been completely true to the spirit of the original BEE Act of 2003, which indicated that in order to promote the achievement of equality of women, the codes may distinguish between black men and black women. It is a serious setback for women in business that requires urgent reviewing the government authorities (Naidoo & Hilton, 2006: 75).

Naidoo and Hilton (2006: 76) suggest that one of the ways that companies can express their commitment to women in procurement is to publicly acknowledge the value of procurement contracts that they have awarded to women owned businesses, and for financial institutions to report on the number of loans which have been approved to support preferential procurement deals both on the basis of BEE and gender. Until gender becomes and integrated and upfront dimension of empowerment, women will remain the “add-on” or “nice to have if we have to” element in the empowerment game.

While a number of women-led investment groups and companies have been able to take advantage of the new dispensation and define a place for women in the BEE arena, an uphill battle remains for black entrepreneurs in general, and black women in particular. The failure of the Codes and the Financial Sector Charter to sufficiently specify targets for financing women’s business should be rectified (Naidoo & Hilton, 2006: 77).

Jack (2006: 17) outlined that the first area where great impact was seen was in the area of black women empowerment. Black women had been relegated to “2 percenters” who came to be part of BEE deals as an afterthought rather than a central part of the deal.
Jack further highlighted that effective pressure was applied by Deputy President Mlambo-Ngcuka in the mining sector which trickled into the mainstream economy to ensure that women empowerment is taken seriously and is a top-of-mind concern for companies operating in South Africa. There has been a slow but significant shift in the mindset within companies about the participation of black women in ownership deals and in the general economy.

2.13 SUMMARY

A literature study was done in order to find out what BBBEE is doing to empower women entrepreneurs. The study indicates that BBBEE has not done so much to empower women entrepreneurs. BBBEE focused more on developed big companies owned by men and not on SMME's or women entrepreneurs. It benefits the minority who are advanced in business and not the majority of South Africans. BBBEE principles are there on paper but they are not adhered to.

The study highlights that women businesses do not grow because women entrepreneurs lack entrepreneurial skills, financial support and above all their educational level is very low. The little knowledge that women have, inhibits them from going out and searching for entrepreneurial information. The study indicates clearly that the majority of women are not aware of the support structures that are available to help them. Structures like Ntsika, IDC, Umsobomvu, SAWEN and others are there to help people who need assistance regarding the development of their businesses.

The literature study indicates that there is limited information about women entrepreneurs in South Africa as there are no sources about women entrepreneurs. This implies that more research still needs to be done on women entrepreneurship.
CHAPTER 3
RESULTS AND DISCUSSION OF THE EMPIRICAL STUDY

3.1 INTRODUCTION

The empirical research focuses on women entrepreneurs and Broad-Based Black Economic Empowerment. The factors which motivate women to be entrepreneurs, and obstacles towards women entrepreneurship will be investigated. The developmental needs of women entrepreneurs and their knowledge of Broad-Based Black Economic Empowerment (BBBEE) will also be investigated.

Chapter 3 will, therefore, set out the empirical research of the study and it covers the following aspects:

• Gathering of data.
• Analysis of the gathered data.
• Results and discussion.

3.2 GATHERING OF DATA

The gathering of data was done through the compilation and distribution of questionnaires. The questionnaire was compiled based on the literature study. The questionnaire was distributed to 45 women entrepreneurs in Bojanala region in Rustenburg. The completed questionnaires were collected after three days of delivery.
The purpose and structure of the questionnaire are as follows:

3.2.1 Purpose of the questionnaire

The purpose of the questionnaire is to determine what women entrepreneurs know about Broad-Based Black Economic Empowerment, secondly to determine the impact of BBBEE on women entrepreneurial businesses.

3.2.2 Structure of the questionnaire

The questionnaire used for this research projects is presented in Appendix A. The questionnaire consists of thirty seven questions which are divided into seven sections. There are open-ended and closed-ended questions. Respondents are allowed to explain their answers and to come up with recommendations.

The sub-sections of the questionnaire are:

- Section A: Personal information
- Section B: Business information
- Section C: Entrepreneurship
- Section D: Motivational factors
- Section E: Obstacles towards women entrepreneurship
- Section F: Development needs of entrepreneur
- Section G: Broad-Based Black Economic Empowerment

Thirty questionnaires were issued out to 45 women entrepreneurs. A total of 30 fully completed questionnaires were collected. This comprises a response rate of 66.67% of the total population of 45 women entrepreneurs listed on the database.
3.3 RESULTS AND DISCUSSION

The results are based on the responses obtained from the questionnaires sent to women entrepreneurs.

3.3.1 Personal information of the respondents (Appendix A, Section A)

This section covers age, marital status, educational qualifications, past experience and years of self employment.

3.3.1.1 Age group

- Purpose of the question

To investigate which age group is more involved in entrepreneurship.

- Results

The results of the investigation are shown in figure 3.1 and are based on the responses obtained from the selected sample of women entrepreneurs.

Figure 3.1: Results of the age group classification of the participating women entrepreneurs
• Findings

Figure 3.1 shows that 60% of women entrepreneurs interviewed are between the ages of 30 – 39. A total of 30% are between the age of 40 – 49 and 10% between the ages of 50 – 59.

3.3.1.2 Marital status

• Purpose of the question

To establish the marital status of the participating women entrepreneurs.

• Results

Figure 3.2: Results of the marital status of the participating women entrepreneurs

Figure 3.2 shows that the majority of the participating women entrepreneurs are married (73%), followed by single women (20%) and widowed (7%) respectively.

• Findings

Figure 3.2 shows that the majority of the participating women entrepreneurs are married (73%), followed by single women (20%) and widowed (7%) respectively.
3.3.1.3 Academic qualifications

- **Purpose of the question**

To investigate the educational level of women entrepreneurs. It indicates the skills and knowledge that women have.

- **Results**

**Figure 3.3: Results of the academic qualification of the participating women entrepreneurs**

The above results indicate that 47% of women entrepreneurs have matric. 13% of women entrepreneurs have diploma and post graduate degrees. This confirms the fact that majority of women entrepreneurs have matric. Women have certificate and degrees, but they are not business related.

- **Findings**
3.3.1.4 Past experience

- **Purpose of the question**

To determine what the participating women entrepreneurs did before starting their respective businesses.

- **Results**

**Figure 3.4: Results of the past experience of the participating women entrepreneurs**

- **Findings**

The above figure shows that 60% of women were unemployed when they started their business and 7% were self employed; 27% were lower level workers; 3% worked as supervisors and 3% worked on the middle management level.
3.3.1.5 Years of self employment

• Purpose of the question

To determine the age of the businesses investigated.

• Results

Figure 3.5: Results of the number of years of self employment of the participating women entrepreneurs

- Findings

The figure indicates that more businesses are between 1 to 3 years old (53%). Businesses between the age of 6 – 10 years old cover 27% of the interviewed, and 10% are between 4 – 5 years old. Only 7% of the businesses are less than a year old and 3% is 10 years old. The findings indicate that most businesses are at the start-up level.
3.3.2 Business information (Appendix A, Section B)

In this section, the structure of the participating businesses will be investigated (refer to Questionnaire, Section B).

3.3.2.1 The path to business ownership

- Purpose of the question

To investigate how the participating women entrepreneurs started their business.

- Results

Figure 3.6: Results of the path to business ownership

- Findings

Figure 3.6 indicates that 93% of women started or founded their businesses and 7% of them were unemployed when they bought the businesses from other people. The structures were there, and they continues with existing businesses.
3.3.2.2 Source of start-up funding

- **Purpose of the question**

To determine how women got money to start their businesses

- **Results**

**Figure 3.7: Results of the source of start-up funding used by women entrepreneurs**

![Bar chart showing the source of start-up funding](chart.png)

- **Findings**

Figure 3.7 shows that 80% of women started their businesses through their personal savings and 10% loaned from the bank. A total of 7% of the women entrepreneurs got money from the household income and 3% borrowed the start-up funding from relatives.
3.3.2.3 Type of bank account

- **Purpose of the question**

To determine what type of bank accounts the participating women entrepreneurs used to manage their business finances.

- **Results**

Figure 3.8: Results of the type of the bank account

- **Findings**

Most women opened a savings account for their businesses, because 57% of them indicated that they have savings accounts. A total of 33% have cheque (current) accounts and 10% of the interviewed women don’t have business accounts.
3.3.2.4 Legal status of business

• Purpose of the question

To determine the legal status of the businesses owned by the participating women entrepreneurs.

• Results

Figure 3.9: Results of the legal status of the participating businesses

- Findings

Figure 3.9 shows that 76% of women entrepreneurs interviewed operate their businesses as close corporations, 10% of the businesses are not registered and 7% operates as sole proprietorships and partnerships respectively.
3.3.2.5 Business industry

- Purpose of the question

To investigate in which industry women entrepreneurs operates.

- Results

Figure 3.10: Results of the industry of the participating businesses

- Findings

The majority of the participating businesses (73%) operate in the services industry and 13% in construction. A total of 7% of the businesses operate either in the transport or accommodation industries.
3.3.2.6 Business premises

- **Purpose of the question**

To investigate from where women entrepreneurs are operating their businesses.

- **Results**

**Figure 3.11: Results of the business premises of the participating businesses**

![Bar chart showing the distribution of business premises]

- **Findings**

Figure 3.11 shows that 40% of women entrepreneurs are operating their businesses in the industrial area, 33% are operating in town (CBD), 20% in townships and 7% in the village.
3.3.2.7 Permanent employees

- **Purpose of the question**

To determine the number of permanent employees employed by women entrepreneurs.

- **Results**

*Figure 3.12: Results of the number of permanent employees of the participating businesses*

- **Findings**

The above figure indicates that 67% of women entrepreneurs operate the businesses only by themselves. The figure indicates that 30% of women entrepreneurs employed 2 to 4 permanent employees, and only 3% businesses have between 5 and 10 permanent employees.
3.3.2.9 Start-up capital

- Purpose of the question

To investigate how much women entrepreneurs used in starting their businesses.

- Results

**Figure 3.14: Results of the amount of start-up capital**

- Findings

Most women started their businesses with an amount between R20 000 and R50 000 (37%). A total of 33% of women started their respective businesses with between R10 000 – R20 000; 27% started with less than R10 000 and 3% started with more than R50 000.
3.3.2.8 Turnover (annual sales)

• Purpose of the question

To determine how much profit women entrepreneurs make per annum.

• Results

Figure 3.13: Results of the turnover of the participating businesses

The figure shows that 70% of women make less than R30 000 turnover per annum, 20% between R30 000 and R5 000, 7% between R50 000 and R100 000 and only 30% have a turnover of between R100 000 and R500 000.

• Findings
3.3.3 Entrepreneurship (Appendix A, Section C)

3.3.3.1 Business account

- **Purpose of the question**

To determine whether women entrepreneurs have business accounts or not.

- **Results**

Figure 3.15: Results of whether the women entrepreneurs have a bank account or not

- **Findings**

The figure indicates that 77% of women entrepreneurs have a business account and they use a current account to operate the business finances. A total of 23% of women entrepreneurs do not have a business account.
3.3.3.2 Business loan

• Purpose of the question

To investigate whether women entrepreneurs request financial assistance.

• Results

Figure 3.16: Results of whether women entrepreneurs have a business loan

Figure 3.16 shows that 97% of women entrepreneurs have never asked for a business loan and they do not get support from financial institutions. 3% of women entrepreneurs have asked for a business loan and it was granted to them.

• Findings
3.3.3.3 Business plan

• Purpose of the question

To determine whether women entrepreneurs have business plans or not.

• Results

Figure 3.17: Results of whether women entrepreneurs have a business plan during start-up or not

![Pie chart showing the results of whether women entrepreneurs have a business plan during start-up or not.]

• Findings

Few women entrepreneurs have business plans as the figure indicates that 77% of women entrepreneurs don't have business plans during start-up and 23% do have business plans.
3.3.3.4 Another job / work except the business

- **Purpose of the question**

To determine whether women entrepreneurs depend on their businesses only or do they have other things to do.

- **Results**

**Figure 3.18: Results of dependence on the business**

- **Findings**

The above figure indicates that 77% of women entrepreneurs depend entirely on their businesses and 23% of women entrepreneurs are employed, and do not spend most of their time on the business (part-time).
3.3.3.5 Further studies

- **Purpose of the question**

To investigate whether women entrepreneurs are engaged in further studies especially business courses.

- **Results**

Figure 3.19: Results whether women entrepreneurs are engaged in business studies

- **Findings**

It is important to do business courses when someone is in business. 73% of women entrepreneurs do not study and only 27% of women entrepreneurs do study, but they are not studying business courses.
3.3.4 Motivational factors (Appendix A, Section D)

- **Purpose of the question**

To determine the factors that influenced women entrepreneurs to be self employed or start businesses.

- **Results**

**Figure 3.20: Evaluation of the motivation of women entrepreneurs to start their respective businesses**

- **Findings**

The high rate of unemployment encouraged most women entrepreneurs to start their respective businesses as the figure indicates that 70% of women entrepreneurs started the business because it was difficult to find a job.
The figure indicates that 67% of women entrepreneurs started their businesses because of insufficient family income. Women entrepreneurs, therefore, needed to supplement family income.

The need for independence is another factor which motivated women entrepreneurs to be self-employed, because the above figure indicates that 47% of women entrepreneurs needed to be their own bosses; 33% needed a challenge, 17% were influenced by other people and 17% needed social status.

3.3.5 Obstacles towards women entrepreneurship (Appendix A, Section E)

- **Purpose of the question**

To investigate the obstacles that inhibits the development of women entrepreneurs.

- **Results**

**Figure 3.21: Evaluation of the obstacles towards women entrepreneurship**

- Lack of business information
- Lack of business management skills
- Inter-role conflict
- Social-cultural environment
- Pressure of childcare
- Isolation from business network
- Lack of education & training
- Risk averse
- Lack of female role models
- Lack of self-confidence
Findings

There are many obstacles that inhibit the development of women entrepreneurs. All interviewed women entrepreneurs (100%) lack business management skills, timely business information and are isolated from business networks. A total of 83% of the interviewed women are disturbed by inter-role conflict (that is the work / home conflict and the pressure of childcare). Furthermore, a total of 67% of the participating women entrepreneurs lack general education and training and 67% of women entrepreneurs do not have female role models.

Women entrepreneurs (67%) are risk averse and they have a great fear of failure. 22% of women entrepreneurs are inhibited by social-cultural environment - that is a lack of respect for male community and stereo-typing. A total of 27% of women entrepreneurs lack self confidence.

3.3.6 Development needs of entrepreneurs (Appendix A, Section F)

- Purpose of the question

To determine the needs of women entrepreneurs.
• Results

Figure 3.22: Evaluation of the needs of women entrepreneurs

![Bar chart showing the distribution of needs among women entrepreneurs.]

- 7% received training/trained
- 3% women organization
- 7% programmes
- 67% business skills
- 7% access to internet

• Findings

The above figure indicates that only 7% of women entrepreneurs received training from private institutions, and mainly for technical skills. Only 3% of interviewed women entrepreneurs know an organization established for women entrepreneurs and that the organization provides support for women entrepreneurs.

There are business programmes which support small businesses and only 7% of the interviewed women know about only one of them being Seda. 67% of women entrepreneurs gained their business skills from previous experience. Most interviewed women entrepreneurs do not have access to the Internet as the figure indicates that only 7% have access to internet and they access it at the internet café.
3.3.6.1 Specific needs

- Results

Figure 3.23: Establishing the specific needs of women entrepreneurs

All the interviewed women (100%) need business knowledge, training and skills. 100% of women need business advice, information and counselling. 100% of interviewed women entrepreneurs need more information and support on BBBEE. 93% of women entrepreneurs need to network with other business owners, and 93% need information or training on internet services, and computer skills.

Women entrepreneurs need financial support as the figure indicates that 82% of women need financial information and support. 80% of women entrepreneurs need marketing support and 37% need tools and equipment to operate their business.
3.3.7 Broad-Based Black Economic Empowerment (Appendix A, Section G)

3.3.7.1 Knowledge of BBBEE

- **Purpose of the question**

To investigate the women entrepreneurs' knowledge of BBBEE.

- **Results**

Figure 3.24: The results of the knowledge of women entrepreneurs about BBBEE

- **Findings**

All interviewed women know nothing about BBBEE.
3.3.7.2 Implications of BBBEE to black-owned women businesses

Purpose of the question:

To determine whether women entrepreneurs understand the implications of BBBEE to their business.

• Results

Figure 3.25: Evaluation of the implications of BBBEE to the participating businesses

- Findings

All interviewed women know nothing about the implications of BBBEE to their businesses.
3.3.7.3 Implementing BBBEE

- Purpose of the question

To determine whether women entrepreneurs have started implementing BBBEE.

- Results

Figure 3.26: Implementation of BBBEE in the participating businesses

- Findings

The above figure indicates that no women entrepreneur has started the implementation of BBBEE.
3.3.7.4 BBBEE as an opportunity

• Purpose of the question

To investigate whether women entrepreneurs regard BBBEE as an opportunity or not.

• Results

Figure 3.27: Evaluation of the opportunities of BBBEE for women entrepreneurs

• Findings

All interviewed women do not know anything about BBBEE.
3.4 SUMMARY

Forty women entrepreneurs between the ages of 30 – 49 were interviewed. The majority of them have matric, and founded their businesses. Most of the interviewed women entrepreneurs started their businesses from personal savings and operates as close corporation. Most of the interviewed women do not have permanent employees.

There are factors which motivated these women to start their respective business and there are also obstacles inhibiting their progress. All the interviewed women entrepreneurs do not have information about BBBEE.
CHAPTER 4
CONCLUSIONS AND RECOMMENDATIONS

4.1 INTRODUCTION

South Africa is widely acknowledged to have a robust political democracy. However, while much has been achieved, South Africa still faces a number of challenges amongst them being the empowerment of women.

Empowering women, and in particular black women, is an important factor to stimulate the economy and empowering women will increase the social living standards of South African families. Women are still the primary caregivers of children and elders and by empowering them; the government will be including the whole family in the economic uplifting, resulting in an automatic multiplier effect.

This section contains the conclusions and recommendations of the study based on the findings of the literature review and the empirical study.

4.2 CONCLUSIONS

In 1995, a national strategy for the development and promotion of small business in South Africa was tabled in parliament. Since then South Africans were encouraged to take part in Small, Medium and Micro-enterprises (SMME’s) in order to uplift the economy of the country or to reduce unemployment. The National Small Business Act was introduced to provide an enabling environment for SMME’s, and to establish several institutions to provide financial and other support to entrepreneurs.

The following conclusions were made after analyzing the questionnaires completed by the respondents.
4.2.1 Conclusions based on the biographical data

The empirical study indicates that most women who are engaged in entrepreneurship are between the ages of 30 – 39. A total of 60% of the respondents were between this age group. This shows that women start their businesses at an early age. Most of these women are married – a total of 73% of them. These results indicate that married women are able to start businesses because they get full support especially financially from their partners.

The educational qualifications varied but 47% of them have matric as the highest level of education. A total of 73% of women entrepreneurs are not studying anything and those who study, do not do business courses. Some women entrepreneurs study education whilst in business.

Most of the participating women-owned businesses are in the start-up phase (53% of women’s businesses are between one to three years old). Women are thus still in the very steep and often unforgiving learning phase of entrepreneurship.

4.2.2 Conclusions based on the business information

Unemployment is the root cause for women to start their own businesses. A total of 93% of women founded their businesses with a start-up amount of between R10 000 – R20 000. A total of 60% of the participating women entrepreneurs were unemployed when they started the business. The women entrepreneurs make a turnover of less than R30 000 per annum, as 70% of women cannot exceed a turnover of R30 000 a year. This implies that women do not make much profit in their businesses.

Women who participated in the study cannot differentiate between a savings account and a cheque account because women are not aware of the advantages that the other account has over the other. A total of 80% of women use a savings account for their business. Some use their personal savings account for business savings. Most women
who participated in this study are involved in the services industry. Women do catering, selling food on the street, internet café, dressmaking and run small shops. Women entrepreneurs, therefore, still have fear of other industries like construction, mining, transport, manufacturing and others. Only 13% women are involved in construction, which is not enough. Women entrepreneurs, furthermore, prefer to operate their businesses as a Close Corporation (CC) (76%).

Women lack knowledge in basic business skills. A total of 77% of women operate their businesses without business plans and do not have an idea of a business plan or the importance of a business plan. Furthermore, most women entrepreneurs depend entirely on their businesses for their primary - they do not have other jobs except the business.

It is very important for a person in business to study management and business courses. Business skills are of critical importance for the success or growth of the business. A total of 73% of the participating women entrepreneurs do not study at all. Only 27% study other courses outside the business education or technical training based on the business). This might be the reason for women's businesses not to grow because they lack the relevant skills.

4.2.3 Conclusions based on developmental needs of women entrepreneurs

There are various factors which motivated women to start the businesses. Unemployment and insufficient family income are some of the crucial factors which forces women to be engaged in entrepreneurship. Some women wanted to be independent - that is to be their own boss.

Entrepreneurship has never been easy for women. There are many factors which hindered the progress of women in business. Lack of business information, lack of business management skills, and isolation from business networks are the most important obstacles which hinders the development of women entrepreneurs. Women
entrepreneurs, furthermore, do not network with others or organizations for women in business. Women, for instance, are not aware of such organizations as SAWEN and WIPHOLD.

Women cannot focus 100% on their businesses because of inter-role conflict. Women must care for their families and at the same time be the Director of a company and ensure that the company is growing or developing. It is difficult to manage the two effectively, one will suffer and it is, very often, the business.

Some women still lack self confidence as 25% of women indicated that they lack self confidence. Women, furthermore, have a fear of the unknown and are risk averse. In business one must take risk for the business to grow.

A total of 67% of the participating women entrepreneurs indicated that they do not have role models. There is thus a lack of a driving force to motivate them to work harder and to be successful business women.

Women entrepreneurs are still ill equipped to communicate effectively with financial institutions. Women tend to be intimidated by financial institutions and are not confident about their presentation and business skills. A total of 97% of women have not yet applied for business loans. Only 3% have successfully applied for business loan. It could, therefore, be concluded that the lack of finances could have a negative impact on the growth and expansion of the women-owned businesses.
4.2.4 Conclusions on Broad-based Black Economic Empowerment (BBBEE)

100% of women interviewed know nothing about Broad-Based Black Economic Empowerment (BBBEE). Women do not know what BBBEE is all about.

4.3 RECOMMENDATIONS

The following recommendations are made with regard to the findings of the literature study, empirical study and conclusions.

4.3.1 Education and training

Women should be trained on the basic business information and business management skills. Skills-based training, technical training, technology training and the development of management skills are necessary to strengthen women entrepreneurs. There should be training centres for entrepreneurs especially women. The centres should aim at assisting women to start and develop their businesses. Training centres for arts and craft, catering, constructions, photography, information technology, business management and others can help to empower women in business or start-ups.

Women should, furthermore, be taught about registering businesses, drawing-up a business plan or a company profile and drafting a marketing plan. Tendering seems to be very difficult for women, especially filling in (completing) the tender documents. Women should be trained on how to apply for a tender, inspecting the sites (to learn more about the requirements of the tender) and attending briefing sessions.

Marketing is another skill which women entrepreneurs need. Women are afraid to go out and sell their businesses. Most of them do know how to market the businesses aggressively.
Computer literacy is another skill that women should have to be successful entrepreneurs. Women need to be trained on how to network with other women in business or with organizations which offer assistance to women. Women's Business Organisations (WBO's) should, therefore, hold workshops and seminars to facilitate networking and the necessary support. Women's Business Organisations should thus ensure that their members, large and small businesses, are equipped and reap the rewards especially of BBBEE. WBO's should be accessible to all and not to a few individuals. Advocacy is of utmost importance.

Women need to be educated about various organizations which offer assistance to entrepreneurs. Organizations like Khula enterprise, Ntsika enterprise, National Empowerment Fund (NEF), Industrial Development Corporation (IDC), Umsobomvu Youth Fund, Ithala and others. These organizations are available to help women but women are not aware of the organizations, so they really need more education. In this regard women need to be trained on managing their finances, so as to know whether the business is making a profit or not. The type of account that must be opened for business must be outlined to women. Women need training or education on financial management and cash flow management.

4.3.2 Financial support

A dedicated fund could be set up to address the lack of collateral funding and performance guarantees. This fund could also be used to offer subordinated debt to enhance the access to credit.

It is furthermore, recommenced that Banks should hold road shows in order to disseminate the range of products available for women entrepreneurs. Banks should also ensure that staff members have detailed information about their products like bank loans. Banks should also have an entrepreneur's desk, where entrepreneurs are advised or trained on how to develop their businesses. It also seems that women
entrepreneurs do not know of the business services and support that financial institutions likes banks offer to small business owners. This should be dealt with.

Business Development Services (BDS) should be designed to meet the different requirements of micro and SME businesses at various levels of growth. Non-financial support should also be structured so that it facilitates access to finance for entrepreneurs and enables business growth at the same time.

Co-ordinated credit vetting should be promoted among different levels of financial institutions, including microfinance institutions. Alternate mechanisms of determining creditworthiness should also be explored to reduce dependence on traditional forums of assessment.

A regularly updated and national directory of business financiers should be published and widely disseminated to enable women entrepreneurs to know what services are available on the market.

4.3.3 BBBEE information

Women need to be educated more about BBBEE. Government should ensure that there are BBBEE coordinators in all the regions and provinces especially for women entrepreneurs. The BEE Council must ensure that in their monitoring process, they track the impact of BBBEE on women enterprises.

Coordinators should educate women entrepreneurs about BBBEE policies, components and elements and about the BEE scorecard. Governmental and non-governmental organizations should thus develop forums where they educate women entrepreneurs about their products and about BBBEE.
The BBBEE codes should be reviewed in order to provide more specific targets for women's business activities. BBBEE should be linked with Growth and Development strategy so as to be broad-based in the true sense of the word.

Preferential procurement processes are usually perceived as male-biased and not transparent. This should change and women entrepreneurs should be considered on regular bases in this regard. This should be monitored. Women need to be recognized as an asset in themselves and not as a token or afterthought in BBBEE deals. Financial institutions should put in place gender-specific procurement and enterprise development targets, with aligned and realistic financing mechanisms. Implementation of these should be properly monitored.

4.4 ACHIEVEMENT OF OBJECTIVES

4.4.1 Literature study

The primary objective of the study was to investigate the impact of Broad-Based Black Economic Empowerment (BBBEE) on women entrepreneurs. A relatively comprehensive literature review on BBBEE was done.

4.4.2 Empirical study

The primary objective of the empirical research was to investigate what women entrepreneurs know about BBBEE. The knowledge and implications to women entrepreneurs were investigated. The results of the empirical study have shown that none of the interviewed women knew about BBBEE. This implies that BBBEE does nothing for women entrepreneurs and it is not known to them. Recommendations were made to support and develop women entrepreneurs.

In referring to the primary and secondary objectives of this study (refer to par. 1.3) it could thus be concluded that these objectives were achieved.
4.5 SUGGESTIONS FOR FURTHER RESEARCH

Women entrepreneurs are increasing in numbers on a daily basis and there is lack of information about women entrepreneurs. It is recommended that more scientific research should be conducted on the following topics:

- The impact of women entrepreneurs on economic development and poverty alleviation
- The role of women entrepreneurs in family businesses (as owner-managers)
- Obstacles towards the development of women entrepreneurs
- Comparison between women and men entrepreneurs
- BBBEE (its policies, the negatives of BBBEE and the impact of BBBEE on small business owners).

4.6 SUMMARY

Women business organisations (WBO) need to educate all women about the opportunities that are available for them. Women need to read more about what happens around them. BBBEE has been the talk of the country, but most women don’t know it. This happens because women do not read or research about things they do not know. Women entrepreneurs need to be educated or trained about the business skills and networking. Women still lack self confidence and this contributes to their downfall in businesses.

BBBEE benefits only a few who were not historically disadvantaged. It makes the rich to be richer and the poor to be poorer, creating a gap between the rich and the poor. BBBEE thus has never graduated to play an important role in economic development of South Africa.

It is the view of the researcher that BBBEE does not focus on all the elements; the implementation thereof is about tenders (procurement), which benefits the middle class.
Procurement has been targeted as an important aspect of economic development in South Africa but women get a very small allocation. Women do register on many databases but they don’t get business. It is only those who have ‘connections’ who get business. Education on tendering is of utmost importance because some times the process of tendering becomes very difficult for women.

BBBEE focuses again on ownership and management which benefits the upper class. Other elements of BBBEE are not taken into consideration like skills development and enterprise development. The neglected elements would benefit the lower class and this certifies that BBBEE is not for the lower class group or for all South Africans, but for few individuals. Fronting is still a problem in BBBEE and in most instances it affects women. Most women are engaged in BBBEE deals to help the company to be considered for procurement not because they have powers in the company. Fronting is when previously disadvantaged people are simply appointed to comply with BBBEE on paper without any attempt to participate in the spirit of transformation.

WOMEN STAND UP AND SEARCH FOR INFORMATION (NETWORK). ALL DOORS ARE UNLOCKED AND WAITING FOR YOU TO OPEN.

DON’T BE SCARED
BIBLIOGRAPHY


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APPENDIX A: QUESTIONNAIRE

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Potchefstroom Campus
North-West University
Potchefstroom
2520

Code number:

QUESTIONNAIRE:

WOMEN ENTREPRENEURS AND
BROAD-BASED BLACK ECONOMIC EMPOWERMENT

CONTACT DETAILS:

Zipporah Ntshabele
Cell: 076 9022 924
E-mail: mmaketse@webmail.co.za
QUESTIONNAIRE: WOMEN ENTREPRENEURSHIP AND BROAD-BASED BLACK ECONOMIC EMPOWERMENT

All information will be treated as STRICTLY CONFIDENTIAL and will only be used for academic purposes.

Instructions for completion:

1. Please answer the questions as objectively and honestly as possible.
2. Place a cross (x) in the space provided after each question which reflects your answer the most accurately.
3. Where asked for comments or to express your own opinion, keep answers short and to the point.
4. Please answer all the questions, as this will provide more information to the researcher so that an accurate analysis and interpretation of data can be made.

SECTION A: PERSONAL INFORMATION

Mark the applicable block with a cross (X). Complete the applicable information.

Name of the business: ........................................................................................................................................
Surname: ............................................................................................................................................................
First names: ........................................................................................................................................................
Business address: ................................................................................................................................................
...........................................................................................................................................................................
Contact details:
(Tel: nr.): .............................................................................................................. E mail .................................................................

A1  In which age group do you fall?  

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<th>20 - 29</th>
<th>30 - 39</th>
<th>40 - 49</th>
<th>50 - 59</th>
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A2  What is your marital status?

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### A4 Indicate your past experience before self-employment (occupational background).

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<td>Top (executive) management</td>
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### A5 Indicate the number of years that you are self-employed.

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### SECTION B: BUSINESS INFORMATION

Mark the applicable block with a cross (X). Complete the applicable information.

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<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B2</th>
<th>Indicate your path to business ownership.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Started (founded) the business (exploit a business opportunity) (01)</td>
</tr>
<tr>
<td></td>
<td>Purchase the business (02)</td>
</tr>
<tr>
<td></td>
<td>Join the family business (03)</td>
</tr>
<tr>
<td></td>
<td>Inherited the business (from the family) (04)</td>
</tr>
<tr>
<td></td>
<td>Unemployed (05)</td>
</tr>
<tr>
<td></td>
<td>Other: (Please specify) (06)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B3</th>
<th>Indicate your source of start-up funding.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Personal savings (01)</td>
</tr>
<tr>
<td></td>
<td>Borrowed or gifted (donated) from relative or friend (02)</td>
</tr>
<tr>
<td></td>
<td>Household/spouse (03)</td>
</tr>
<tr>
<td></td>
<td>Sold previous business (04)</td>
</tr>
<tr>
<td></td>
<td>Bank loan (05)</td>
</tr>
<tr>
<td></td>
<td>Other: (Please specify) (06)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B4</th>
<th>Indicate the type of bank account (if any) that you have.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Savings account (01)</td>
</tr>
<tr>
<td></td>
<td>Current account (Cheque) (02)</td>
</tr>
<tr>
<td></td>
<td>Credit card (03)</td>
</tr>
<tr>
<td></td>
<td>None (no bank account) (04)</td>
</tr>
<tr>
<td></td>
<td>Other: (Please specify) (05)</td>
</tr>
</tbody>
</table>
**B5** Indicate the legal status of your business (form of business ownership).

<table>
<thead>
<tr>
<th>Status</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sole proprietorship</td>
<td>01</td>
</tr>
<tr>
<td>Partnership</td>
<td>02</td>
</tr>
<tr>
<td>Close corporation</td>
<td>03</td>
</tr>
<tr>
<td>Private company</td>
<td>04</td>
</tr>
<tr>
<td>Not registered</td>
<td>05</td>
</tr>
<tr>
<td>Other: (Please specify)</td>
<td>06</td>
</tr>
</tbody>
</table>

**B6** In which industry does your business operate?

<table>
<thead>
<tr>
<th>Industry</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail trade</td>
<td>01</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>02</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>03</td>
</tr>
<tr>
<td>Construction</td>
<td>04</td>
</tr>
<tr>
<td>Transport/distribution</td>
<td>05</td>
</tr>
<tr>
<td>Accommodation and restaurant (guest houses, hotel)</td>
<td>06</td>
</tr>
<tr>
<td>Agriculture/forestry/fishing</td>
<td>07</td>
</tr>
<tr>
<td>Services (Please specify the type of service)</td>
<td>08</td>
</tr>
<tr>
<td>Other: (Please specify)</td>
<td>09</td>
</tr>
</tbody>
</table>

**B7** Indicate the business premises (from where does the business operates?).

<table>
<thead>
<tr>
<th>Premises</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Village</td>
<td>01</td>
</tr>
<tr>
<td>Township</td>
<td>02</td>
</tr>
<tr>
<td>In town</td>
<td>03</td>
</tr>
<tr>
<td>Industrial area</td>
<td>04</td>
</tr>
<tr>
<td>Other: (Please specify)</td>
<td>05</td>
</tr>
</tbody>
</table>

**B8** How many permanent employees are employed by your business?

<table>
<thead>
<tr>
<th>Number of Employees</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Myself</td>
<td>01</td>
</tr>
<tr>
<td>2-4</td>
<td>02</td>
</tr>
<tr>
<td>5-10</td>
<td>03</td>
</tr>
<tr>
<td>11-25</td>
<td>04</td>
</tr>
<tr>
<td>26-50</td>
<td>05</td>
</tr>
<tr>
<td>51-100</td>
<td>06</td>
</tr>
<tr>
<td>101-200</td>
<td>07</td>
</tr>
<tr>
<td>200+</td>
<td>08</td>
</tr>
<tr>
<td>B9</td>
<td>Indicate the turnover (annual sales) that your business generates.</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Less than R30 000</td>
<td>(01)</td>
</tr>
<tr>
<td>R30 000 – R50 000</td>
<td>(02)</td>
</tr>
<tr>
<td>R50 000 – R100 000</td>
<td>(03)</td>
</tr>
<tr>
<td>R100 000 – R500 000</td>
<td>(04)</td>
</tr>
<tr>
<td>R500 000 – R1 million</td>
<td>(05)</td>
</tr>
<tr>
<td>R1 million – R5 million</td>
<td>(06)</td>
</tr>
<tr>
<td>R5 million+</td>
<td>(07)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B10</th>
<th>Indicate the start-up capital.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below R10 000</td>
<td>(01)</td>
</tr>
<tr>
<td>R10 000 – R20 000</td>
<td>(02)</td>
</tr>
<tr>
<td>R20 000 – R50 000</td>
<td>(03)</td>
</tr>
<tr>
<td>R50 000 – R100 000</td>
<td>(04)</td>
</tr>
<tr>
<td>R100 000+</td>
<td>(05)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B11</th>
<th>Did you have any exposure to business in your childhood? (i.e. parents, close family friend owned a business).</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>If yes, who owned the business? (Please specify – i.e. father, mother, sibling, family friend, close friend.)</td>
<td>(01)</td>
<td>(02)</td>
<td></td>
</tr>
</tbody>
</table>
### SECTION C: ENTREPRENEURSHIP

Mark the applicable block with a cross (X). Complete the applicable information.

<table>
<thead>
<tr>
<th>C1</th>
<th>Do you have a business account?</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>(03)</td>
<td>If yes, what type of account (Please specify – i.e. savings, cheque.)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>C2</th>
<th>Have you ever applied for a business loan</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>(03)</td>
<td>If yes, was it successful or not? (Please specify):</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>C3</th>
<th>Do you get support from any financial institution?</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>(03)</td>
<td>If yes, which one? (Please specify):</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>C4</th>
<th>Do you have a business plan?</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>C5</th>
<th>Do you have another job/work except the business?</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>(03)</td>
<td>If yes please specify:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>C6</th>
<th>Are you currently studying?</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>(03)</td>
<td>If yes, please specify the course and institution:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**SECTION D: MOTIVATIONAL FACTORS**

Mark the applicable block with a cross (X). Complete the applicable information.

<table>
<thead>
<tr>
<th>D1</th>
<th>Indicate your motivation for entering self-employment or to start your own business. (Choose one or more.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Need for independence (to be my own boss)</td>
</tr>
<tr>
<td></td>
<td>Need for flexible work schedule</td>
</tr>
<tr>
<td></td>
<td>Develop hobby</td>
</tr>
<tr>
<td></td>
<td>Need for a challenge</td>
</tr>
<tr>
<td></td>
<td>Social status (personal achievement, to be reckoned in the community)</td>
</tr>
<tr>
<td></td>
<td>Role models and other people's influence (friends and family members)</td>
</tr>
<tr>
<td></td>
<td>Redundancy (lost your job, retrenched)</td>
</tr>
<tr>
<td></td>
<td>Difficulty in finding a job</td>
</tr>
<tr>
<td></td>
<td>Dissatisfaction with salaried jobs (job/career frustration)</td>
</tr>
<tr>
<td></td>
<td>Insufficient family income (need to supplement family income)</td>
</tr>
<tr>
<td></td>
<td>Brings high income (desire for wealth)</td>
</tr>
<tr>
<td></td>
<td>Ensure high job security</td>
</tr>
<tr>
<td></td>
<td>Entered the family business</td>
</tr>
<tr>
<td></td>
<td>Family tradition</td>
</tr>
<tr>
<td></td>
<td>Other: (Please specify)</td>
</tr>
</tbody>
</table>

(01) (02) (03) (04) (05) (06) (07) (08) (09) (10) (11) (12) (13) (14) (15)
SECTION E: OBSTACLES TOWARDS WOMEN ENTREPRENEURSHIP

Mark the applicable block with a cross (X). Complete the applicable information.

<table>
<thead>
<tr>
<th>E1</th>
<th>Indicate the factors (obstacles) that inhibit the woman entrepreneur in Lesotho. (Choose one or more.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Lack of business management skills</td>
</tr>
<tr>
<td></td>
<td>Lack of education and training (in general)</td>
</tr>
<tr>
<td></td>
<td>Inter-role conflict (work/home conflict)</td>
</tr>
<tr>
<td></td>
<td>Inequality of access to credit (difficult to obtain financing as a woman)</td>
</tr>
<tr>
<td></td>
<td>Inhibiting laws and regulations (lower access to land, contractual rights- husband’s consent or judge approval)</td>
</tr>
<tr>
<td></td>
<td>Family pressures (gender-role expectations)</td>
</tr>
<tr>
<td></td>
<td>Lack of self-confidence</td>
</tr>
<tr>
<td></td>
<td>Risk averse (great fear of failure)</td>
</tr>
<tr>
<td></td>
<td>Socio-cultural environment (lack of respect from male community and stereotype)</td>
</tr>
<tr>
<td></td>
<td>Isolation from business network</td>
</tr>
<tr>
<td></td>
<td>Lack of female role models</td>
</tr>
<tr>
<td></td>
<td>Lack of timely business information</td>
</tr>
<tr>
<td></td>
<td>Pressure of childcare</td>
</tr>
<tr>
<td></td>
<td>Other: (Please specify)</td>
</tr>
</tbody>
</table>
### SECTION F: DEVELOPMENT NEEDS OF ENTREPRENEURS

Mark the applicable block with a cross (X). Complete the applicable information.

<table>
<thead>
<tr>
<th>F1</th>
<th>Have you ever been trained or developed by either a government agency or the private sector?</th>
<th>Yes (01)</th>
<th>No (02)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(03)</td>
<td>If yes, name the institution:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Indicate the type of training that you received.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical skills (i.e. hand crafting)</td>
<td>(04)</td>
</tr>
<tr>
<td>Communication skills</td>
<td>(05)</td>
</tr>
<tr>
<td>Accounting skills</td>
<td>(06)</td>
</tr>
<tr>
<td>Management skills</td>
<td>(07)</td>
</tr>
<tr>
<td>Technological skills (computers)</td>
<td>(08)</td>
</tr>
<tr>
<td>Other: (Please specify)</td>
<td>(09)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>F2</th>
<th>Do you know any organisation which is specifically established for women entrepreneurs?</th>
<th>Yes (01)</th>
<th>No (02)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(03)</td>
<td>If yes, what is the name of that organisation?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>How does the organisation helps to develop women entrepreneurs in their activities? (Choose one or more.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provides education and training</td>
<td>(04)</td>
</tr>
<tr>
<td>Provides financial assistance</td>
<td>(05)</td>
</tr>
<tr>
<td>Supports/enables networking with other women entrepreneurs</td>
<td>(06)</td>
</tr>
<tr>
<td>Provides access/exposure to motivational speakers/role models</td>
<td>(07)</td>
</tr>
<tr>
<td>Provides business information</td>
<td>(08)</td>
</tr>
<tr>
<td>Support in exploiting BBBEE opportunities</td>
<td>(09)</td>
</tr>
<tr>
<td>Other: (Please specify)</td>
<td>(10)</td>
</tr>
</tbody>
</table>
### F3  Indicate your specific needs. (Choose one or more.)

- Financial support (loans and advice/training to service the loan)  
- Training/knowledge/skills  
- Tools, equipment, machinery  
- Business advice, information, counselling  
- Marketing support  
- Suitable business premises  
- Technical support  
- Transport  
- Networking with other business owners  
- Infrastructure (roads, telephone, electricity)  
- Computer  
- Internet services  
- More information/support on BBBEE  
- Other: (Please specify)

### F4  Which of the following programmes do you know?

<table>
<thead>
<tr>
<th></th>
<th>SEDA ENTERPRISES</th>
<th>NTSIKA ENTERPRISES</th>
<th>KHULA ENTERPRISES</th>
<th>IDC PROGRAMMES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(01)</td>
<td>(02)</td>
<td>(03)</td>
<td>(04)</td>
</tr>
<tr>
<td>Other</td>
<td>(Please specify)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### F5  Where did you get business skills? (Choose one or more.)

- School  
- Reading  
- Media  
- Friend/relative  
- Previous business experience  
- Other: (Please specify)
Which of the following methods do you use to access the internet? (Choose one or more.)

<table>
<thead>
<tr>
<th>Method</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>(01)</td>
</tr>
<tr>
<td>Own source</td>
<td>(02)</td>
</tr>
<tr>
<td>At work</td>
<td>(03)</td>
</tr>
<tr>
<td>Internet café</td>
<td>(04)</td>
</tr>
<tr>
<td>Other: (Please specify)</td>
<td></td>
</tr>
</tbody>
</table>

### SECTION G: BROAD-BASED BLACK ECONOMIC EMPOWERMENT

Mark the applicable block with a cross (X). Complete the applicable information.

<table>
<thead>
<tr>
<th>G1</th>
<th>Do you know about Broad-based Black Economic Empowerment (BBBEE)?</th>
<th>Yes (01)</th>
<th>No (02)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>If yes, how did you know about it (Choose one or more.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Media</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Newspaper</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Workshop/seminar</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Relative/friend</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Word-of-mouth</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other: (Please specify)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>G2</th>
<th>Do you know about the implications of BBBEE for your business?</th>
<th>Yes (01)</th>
<th>No (02)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>If yes, how important do you think are the implications to your business? Indicate.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Very important</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>More important</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Neutral view</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Less important</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Not important at all</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>G3</th>
<th>Have your business started implementing BBBEE?</th>
<th>Yes (01)</th>
<th>No (02)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(03)</td>
<td>If yes, please explain (i.e. when, how):</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>G4</th>
<th>Have you experienced any difficulties in implementing BBBEE?</th>
<th>Yes (01)</th>
<th>No (02)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(03)</td>
<td>If yes, please explain:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G5</td>
<td>Do you think that BBBEE provides opportunities to your business</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>----</td>
<td>---------------------------------------------------------------</td>
<td>-----</td>
<td>----</td>
</tr>
<tr>
<td></td>
<td>If yes, list the opportunities:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>G6</th>
<th>Do you think that BBBEE is a threat to your business</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>If yes, list the threats:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>G7</th>
<th>Do you have any recommendations on BBBEE for women entrepreneurs?</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Explain your recommendations.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

THANK YOU FOR YOUR TIME.
## APPENDIX B: THE BEE SCORECARD

<table>
<thead>
<tr>
<th>Core component of BEE</th>
<th>Indicators</th>
<th>Conversion Factor</th>
<th>Raw Score</th>
<th>Weighting</th>
<th>Total score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct empowerment score</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity Ownership</td>
<td>% share of economic benefits</td>
<td></td>
<td></td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>Management</td>
<td>% black persons in executive management and/or executive board and board committees</td>
<td></td>
<td></td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Human resource development and employment equity score</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment equity</td>
<td>Weighted employment equity analysis</td>
<td></td>
<td></td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Skills development</td>
<td>Skills development expenditure as a proportion of total payroll</td>
<td></td>
<td></td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>Indirect empowerment score</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preferential procurement</td>
<td>Procurement from black-owned and empowered enterprises as a proportion of total procurement</td>
<td></td>
<td></td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>Enterprise development</td>
<td>Investment in black-owned and empowered enterprises as a proportion of total assets</td>
<td></td>
<td></td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Residual 10%</td>
<td>To be determined by sector/enterprise</td>
<td></td>
<td></td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Total Score out of 100%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>