

# **AN EXPLORATION OF WOMEN ENTREPRENEURSHIP IN LESOTHO**

**MA LEBAKENG**

Mini-dissertation submitted in partial fulfilment of the requirements for the degree  
Master in Business Administration at the North-West University,  
Potchefstroom Campus

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November 2008  
Potchefstroom

## **ABSTRACT**

Women entrepreneurs are a vital contribution to today's economy, yet there is still a dearth of research on women entrepreneurs. The main part of the study presents an analysis of 54 women entrepreneurs in three districts of Lesotho, namely Maseru, Mafeteng and Mohale's Hoek.

The Ministry of Trade and Industry in Lesotho provided a database of entrepreneurs in Lesotho. The survey instrument used was a structured questionnaire which was administered at women entrepreneurs in Lesotho and a response rate of 72 % was achieved.

The results of the analysis revealed the dynamics of women entrepreneurs in Lesotho. The main dimensions explored include:

- Women entrepreneurs are married women aged between 39 and 49 years, having at least one child and having either a junior certificate or COSC qualification.
- Most of the women enterprises are sole proprietors in the retail and agriculture sectors. They have been in business for more than five years and were founded by women owners using personal savings as the main source of start-up funding.
- Motivations into self-employment include the following: the need for independence, the need for flexible schedules, the need for a challenge, dissatisfaction with salaried jobs, lack of female role models and insufficient family income.
- The challenges facing women entrepreneurs in performing entrepreneurial activities include: lack of business management, lack of education and training, inter-role conflict, high risk averse, lack of female role models, pressure from childcare and the inequality to access credit.
- Most women entrepreneurs do not have knowledge about organisations established especially for women entrepreneurs.

- The participating women entrepreneurs identified the following development needs: financial assistance; training, skills development and knowledge; and the accessibility to tools, equipment and machinery.

One of the main recommendations of this study is the establishment of organisations that could encourage women entrepreneurship. Practical recommendations were also put forward to stimulate and foster women entrepreneurship in Lesotho.

## **ACKNOWLEDGEMENTS**

- To my supervisor, Dr Stephan van der Merwe who made this study a success.
- To my late father, Mafa and sister, Madebra for their unconditional support.
- To my mother, Mamahlomola, for her unconditional love, encouragement and support.
- To my husband Tabo who supported me for years, companion, confidante and above all friend.
- To my sons, Lira and Lithapelo, and daughter, Litlhare who sacrificed their mother's love during my studies.
- To all the women entrepreneurs who took part in this research.

### **Above all:**

- To the Holy Trinity who guided me in all actions that I took.

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# **CHAPTER 1**

## **NATURE AND SCOPE OF THE STUDY**

### **1.1 INTRODUCTION**

The last half-century has witnessed monumental changes for women as income earners (Smith–Hunter, 2006: 1). Smith–Hunter (2006: 1) cited Bragger (1996) and Buttner and Moore (1997) who emphasise that these changes included influx of women into the main stream labour market; the revolution of the women’s movement and the civil rights movement which propelled women into non–traditional roles; and the explosion in the number of women entrepreneurs particularly over the last two decades. This latter phenomenon has given rise to countless books, articles, and reports informing the public on the various aspects of the seemingly never-ending kaleidoscope of women as entrepreneurs.

According to Maas and Herrington (2006: 38), the growth in total number female entrepreneurs outnumber male entrepreneurs. This led to the renewed focus on gender entrepreneurship and the development of appropriate entrepreneurship interventions for gender–specific groups internationally. In Chile, a developing country, the estimation is that there are 513 000 women entrepreneurs, which is 33% of all entrepreneurs and has increased from 20% three years ago. The estimate is that by 2010 female entrepreneurs in Chile will equal the male entrepreneurs and create more than 50% of the jobs in new enterprises.

Similarly, Maas and Herrington (2006: 30) indicate that according to the International Trade Centre (2004), Canada has experienced a 200% growth in the number of women entrepreneurs over the last 20 years. In the African context, taking Cameroon as an example, women entrepreneurs manage 57% of small and micro businesses, whilst in Uganda, women entrepreneurs form the majority of the country’s business people in the areas of farming and small to medium-sized enterprises.

In Lesotho, 17% of small and medium-sized entrepreneurs in the manufacturing sector are women (Lesotho Ministry of Trade, Commerce and Industry, Licence Register 2007/2008 financial year).

However, Dowing and Daniels (1992: 1) explore female entrepreneur's growth patterns using census survey data collected in Lesotho, Swaziland, South Africa and Zimbabwe. These surveys indicate that employment growth rates of women's enterprises are significantly lower than men.

## **1.2 STATISTICS ON GENDER AND ENTREPRENEURSHIP IN LESOTHO**

### **1.2.1 Introduction**

Most societies are characterised by their unique cultural behaviours with regard to their views towards gender perspectives. Their patriarchal nature results in the subordination of women, and in turn leads to gender inequalities that represent a threat to development. Despite their being marginalised, women constitute an important source of wealth. In the specific case of Africa, women are considered as a hidden growth reserve because, although they provide large part of the region's labour force, their productivity is being hampered by widespread inequality that limits economic growth of the continent (Bureau of Statistics Lesotho (BOS), 2004: 1).

According to the Bureau of Statistics Lesotho (2004: 1), patriarchal societies perpetuate a hierarchy where women are subordinate to men. This subordination of women leads to inequality and differences between women and men within the community as well as in social, economic, political and cultural interactions.

In order to overcome this marginalization of women, the international community has developed awareness on this issue during the last 40 years. The culminant points were the Cairo, Copenhagen and Beijing women's conferences (BOS, 2004: 1).

Lesotho is no exception. The recent approval of an Act (Vol. LI, No. 60 of December 2006) that remove married woman in Lesotho from minority status signifies a rebirth of Mosotho woman (BOS, 2007:1).

### **1.2.2 Gender and population structure**

Women represent 51% of the total population of Lesotho. This indicates that there are more females than males in Lesotho and this can be shown by a masculinity ratio at birth of 115.2. This rate implies much higher survival rates of women compared to men especially where masculinity rates are relatively low (BOS, 2004: 1).

### **1.2.3 Gender and decision-making**

Although women represent 51% of the total population in Lesotho, their representation in the government and other decision-making arena's where major decisions that affect their lives are made is far less than that of males. This partly leads to discrimination against women (Bureau of Statistics Lesotho, 2005: 10). Refer to Table 1.1 (turn the page).

Table 1.1 shows that during the year 2000, almost in all the decision-making positions females were less represented. The only exception was Director or Commissioner positions where women were more represented than men. For 2005, it was noticed that there was some improvement between 2000 and 2005, with the exception of the principal secretaries where the proportion of women has decreased. It is also worth noting that men and women were equally represented in the position of senior magistrates.

**Table 1.1: Representation of men and women at decision-making positions**

Positions	Females		Males		% of women	
	2000	2005	2000	2005	2000	2005
Major General	0	0	1	1	0	0
Ministers	1	6*	15	16*	8	27
Members of Parliament	3	14	77	106	4	12
Members of Senate	9	12	23	23	28	34
Government secretaries	0	0	1	1	0	0
Specialists/Consultants	5	0	17	0	23	0
Principal Secretary	6	6	10	13	38	32
Deputy Principal Secretaries(PS)	4	0	10	0	29	0
Directors & Commissioners	21	0	17	0	55	0
Principal Officers	18	0	22	0	45	0
Senior Officers	35	0	63	0	36	0
Grade 14 and above	77	0	134	0	34	0
Judges	1	3	8	8		27
Senior magistrates	0	3	0	3		50

\* This figure include 1 female assistant minister and 4 male assistant ministers

Source: Bureau of Statistics Lesotho (2006: 10)

#### **1.2.4 Participation of males and females in economic activities**

The participation of males and females divided into districts based on employment and unemployment statistics is presented table 1.2.

**Table 1.2: Percentage of population 10 years and older by current economic activity, sex and district**

District	Total			Employed		Unemployed	
	Total	Males	Females	Males	Females	Males	Females
Butha-Buthe	100	44.3	55.7	72.9	57.6	8.9	9.9
Leribe	100	46.6	53.4	65.6	43.6	20.1	34.3
Berea	100	48.0	52.0	58.4	34.8	5.2	6.5
Maseru	100	45.6	54.4	64.8	50.2	15.4	18.9
Mafeteng	100	49.3	50.7	38.2	23.0	22	27.4
Mohale's Hoek	100	44.4	55.6	48.1	24.4	19.1	25.1
Quthing	100	44.9	55.1	30.3	20.8	22.5	28.5
Qacha's Nek	100	46.7	53.3	80.5	58.1	5.6	10.4
Mokhotlong	100	48.7	51.3	48.0	32.1	28.1	37.8
Thaba-Tseka	100	50.3	49.7	80.7	61.4	4.3	4.6

Source: Bureau of Statistics Lesotho (2006: 10)

Table 1.2 shows that Thaba-Tseka has more males (50.3%) who are ten years and older in comparison than the rest of the districts. Butha-Buthe, on the other hand, has more females (55.7%) aged 10 years and older than the other districts.

In all the districts employed males outnumber employed females. Thaba-Tseka has the greatest percentage of employed males and females estimated at 80.7% and 61.4% respectively. Qacha's Nek with 80.5% of males and 58.1% of females unemployed, also have a high percentage of employed males and females. Mokhotlong on the other hand, has the highest percentage of unemployed males and females, 28.1% and 37.8% respectively.

## 1.2.5 Participation of women and men in entrepreneurship

It was difficult to maintain data on women and men entrepreneurs as a result of both time and financial constraints, because data is only obtainable in each district. The number of men and women entrepreneurship is one of the important statistics for the study. However, only data on the number of women and men entrepreneurs in Maseru, Mafeteng and Mohale's Hoek was obtained. Data on men and women entrepreneurs in these three districts is presented in Tables 1.3, 1.4 and 1.5 below.

### Maseru

Table 1.3 shows the number of male and female entrepreneurs in the Maseru district.

**Table 1.3: Number of men and women entrepreneurs in the Maseru district in different types of small and medium-sized enterprises**

Type of business/industry	Male	Female	Total	Women %
Specialised dealer	83	65	148	45
General dealer	214	132	346	38
Broker	142	52	194	27
Construction	24	6	30	20
Household articles	24	3	27	10
Footwear and textiles	22	18	40	45
Snack bar	4	4	8	50
Hair dressing saloon	1	29	30	95
Hardware	18	2	20	10
Auto dealer	19	1	20	5
<b>Total</b>	<b>551</b>	<b>312</b>	<b>863</b>	<b>36</b>

Source: Ministry Of Trade, Commerce and Industry Maseru district (licence registers for financial year 2007/2008)

With regard to specialised dealers, the number of women entrepreneurs is 83 while the number of men entrepreneurs is 65. This indicates that in specialised dealers,

there are relatively a small number of women than men. The number of men in general dealers is 214 while the number of women in general dealers business is 132. This is a relatively low number of women compared to men.

In construction, the number of men is 24 while the number of women in construction is only six. Again this is relatively a small number of women compared to men. In household articles businesses, the number of businessmen is 24 while the number of businesswomen is only three. There are four men and four women engaged in snack bar business. Men engaged in hardware stores and auto dealers are 18 and 19 respectively, while there are only two and one women involved in those businesses respectively. The number of women involved in broker businesses, is 52 whereas, 142 men are involved in broker businesses. In hair salons, a more traditional women type of business, there are 29 women involved and only one man.

This analysis indicates that the number of women entrepreneurs in specialised dealers, general dealers, construction, household articles, footwear and textiles, snack bar, hardware stores and auto dealerships is relatively low compared to men. In contrast, the number of women entrepreneurs in hair dressing saloon businesses is relatively higher than men.

### **Mohale's Hoek**

Table 1.4 presents the statistics employments in the Mohale's Hoek district.

In specialised dealers, the number of women entrepreneurs is two while the number of men entrepreneurs is nine. The number of men in general dealerships is 147 while the number of women in general dealerships is 40. This is relatively a small number of women compared to men.

**Table 1.4: Number of men and women entrepreneurs in the Mohale's Hoek district in different types of small and medium-sized enterprises**

Type of business/industry	Male	Female	Total	Women %
Specialised dealer	9	2	11	18
General dealer	147	40	187	21
Broker	9	5	14	36
Construction	11	2	13	15
Household articles	0	0	0	0
Footwear and textiles	0	0	0	0
Snack bar	10	4	14	29
Hair dressing saloon	2	24	26	92
Butchery	18	4	22	18
Pharmacy	6	2	8	33
<b>Total</b>	<b>551</b>	<b>312</b>	<b>863</b>	<b>32</b>

Source: Ministry Of Trade, Commerce and Industry Mohale's Hoek district (licence registers for financial year 2007/2008)

In construction, the number of men is 11 while the number of women in construction is two. Again this is relatively a small number of women compared to men. There are 10 men and four women engaged in snack bar businesses. Men engaged in butchery and pharmacies are 18 and six respectively while there are four and two women involved respectively. The number of women in hair salons is 24 while the number of men in this type of business is only two.

## **Mafeteng**

Table 1.5 presents the employment statistics in the Mafeteng district.

**Table 1.5: Number of men and women entrepreneurs in the Mafeteng district in different types of small and medium-sized enterprises**

Type of business/industry	Male	Female	Total	Women %
Specialised dealer	35	17	52	33
General dealer	147	29	176	16
Broker	6	10	16	38
Construction	65	3	68	4
Household articles	68	11	79	14
Footwear and textiles	22	2	24	8
Snack bar	18	4	22	18
Hair dressing saloon	1	8	9	88
Hardware	46	2	48	4
Auto dealer	25	3	28	11
<b>Total</b>	<b>433</b>	<b>89</b>	<b>522</b>	<b>17%</b>

Source: Ministry Of Trade, Commerce and Industry Mafeteng district (licence registers for financial year 2007/2008)

With regard to specialised dealers, the number of women entrepreneurs is 17 while the number of men entrepreneurs is 35. These statistics indicate that in specialised dealers, the number of men is twice the number of women. The number of men in general dealers is 147 while the number of women in general dealers business is only 29. This is a relatively low number of women compared to men.

In construction the number of men involved is 65 while the number of women in construction is only three. It is thus clear that, in all three the districts, construction is still male dominated. In household articles business, the number of businessmen is 68 while the number of businesswomen is only 11. Furthermore, there are 18 men and four women engaged in snack bar business. Men engaged in construction and auto dealer are 46 and 28 respectively while there are only two and three women respectively. The number of women in broker businesses and hair salons are eight and 10 respectively while the number of men in this type of businesses is six and one respectively.

This analysis indicates that the number of women entrepreneurs in specialised dealers, general dealers, construction, household articles, footwear and textiles, snack bar, hardware and auto dealerships is relatively very low compared to men. In contrast, the number of women entrepreneurs in broker and hair dressing salon business is relatively higher than men.

It is also evident from the analysis of the three districts that there are definitely tendencies and that specific industries or businesses are male dominated and other (although only a few) women dominated. Men, however, are still the dominant employer in business in Lesotho.

### **1.3 PROBLEM STATEMENT**

Countries around the world increasingly are formulating policies to make it easier to start a business. These changes could benefit women entrepreneurs significantly. McConnell (2007: 2), in the Doing Business Report (2008), indicates that countries that ranked highest on its ease of doing business scale, are associated with higher percentages of woman entrepreneurs and employees in comparison with their male counterparts. McConnell (2007: 2), furthermore, has the opinion that women have enormous potential to bring prosperity in the world and therefore encouraging women entrepreneurship is very important.

The Lesotho Review (2003: 29) indicates that the Basotho Enterprises Development Corporation (BEDCO) is now gearing itself towards the management of the home-grown entrepreneur credit scheme that will prove sustainable for the benefit of Basotho entrepreneurs.

In this study, it is thus imperative to explore why there are still a relative small number of women entrepreneurs in comparison with their male counterparts in Lesotho and to determine whether the country is aligned with global initiatives to promote women entrepreneurship.

Research on women entrepreneurship remains limited in the Southern African context and this has a direct influence on the formulation and implementation of policies and support programmes that could be one of the main causes of the regions current poor performance in regards to women entrepreneurship activity. There is ample justification, against the barren background of scientific value-added research, to pursue more earnest investigations into the unique challenges facing women entrepreneurs in Lesotho.

#### **1.4 OBJECTIVES OF THE STUDY**

The main objective of the study is to investigate women entrepreneurship in Lesotho and to make practical recommendations to stimulate the growth and success of women entrepreneurs in the country.

To achieve the main objective of the study, the following secondary objectives were formulated:

- To define women entrepreneurship in the Lesotho context.
- To obtain insight into the dynamics of women entrepreneurship by means of a literature review.
- To assess women entrepreneurship in Lesotho based on the questionnaire.
- To suggest practical recommendations to enhance women entrepreneurship in Lesotho.

## **1.5 SCOPE OF THE STUDY**

This section deals with the field of the study and the geographical demarcation.

### **1.5.1 Field of study**

This study falls within the subject field of entrepreneurship with the focus on women or female entrepreneurship.

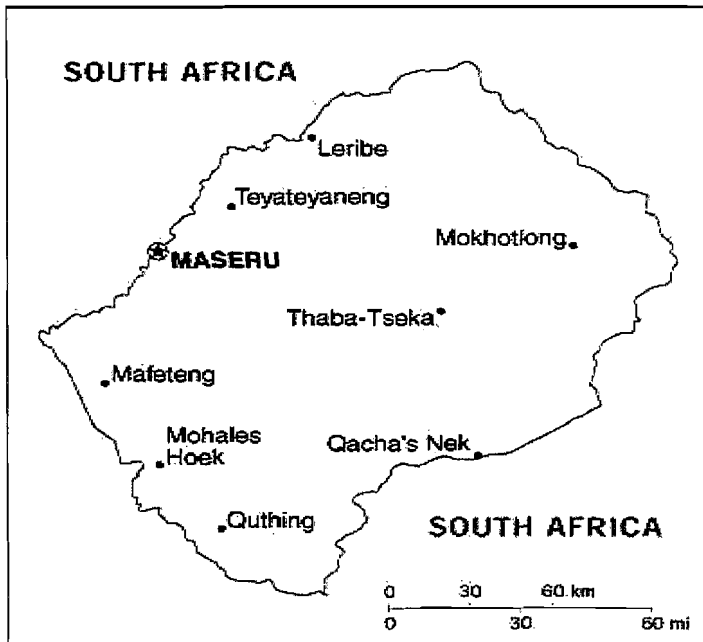
### **1.5.2 Geographical demarcation**

The kingdom of Lesotho is a mountainous African country forming part of the outer African region and situated within the borders of South Africa. It is an independent state with a democratic government.

The economy of Lesotho is hugely affected by the neighbouring country, South Africa. The economic up- and down-turns in South Africa have the largest single influence on the Lesotho economy with the impact of inflation following the economic trends in the South Africa one of the important influences (Lesotho Review, 2000: 3, 2002: 3; 2005: 4).

According to the Lesotho Review (2000: 3, 2002: 3, 2005: 4), Lesotho lies between the latitudes 28 and 31 degrees South and longitudes 27 and 30 degrees East. This location together with its high altitude makes it the only country in the world with all its land situated between 5 000 and 11 425 feet above sea level. The Lesotho Review (2002: 3, 2005: 4), furthermore, indicates that about 75% of the country is predominantly mountainous while the remaining 25% on the narrow, western side is considered lowlands. However, there are four ecological zones, namely the lowlands along the western plateau, the foothills, the mountains and the Senqu river valley. The country is divided into ten administrative districts and Maseru is the country's capital city as depicted in figure 1.1.

**Figure 1.1: Map of Lesotho**



Lesotho is thus a small land-locked country within the borders of South Africa.

For the purpose of this study, the research on women entrepreneurs in Lesotho was limited to the Maseru, Mafeteng and Mohales' Hoek districts. The scope of the study is also limited to small and medium-sized women entrepreneurs in Lesotho.

## **1.6 RESEARCH METHODOLOGY**

This study is intended to investigate women entrepreneurship in Lesotho. In this study both qualitative and quantitative research was used. According to Struwig and Stead (2004: 16), in quantitative research, the researcher can investigate the phenomenon without influencing it or being influenced by it. Qualitative research is more oriented to the interplay of individual and contextual factors.

This study was done in two phases, i.e. a literature review and an empirical study.

### **1.6.1 Literature review**

For secondary data the researcher used The Ferdinand Postma Library at the North-West University, Potchefstroom Campus and its resources such as books, journals, other published data, electronic databases and the Internet. Secondary data provides a starting point for research and offer the advantage of low cost and availability (Kotler, 2003: 131).

### **1.6.2 Empirical study**

Information was gathered by means of an empirical study. To gather primary data the researcher used a survey. Surveys are best suited for descriptive research. Companies undertake surveys to learn more about people's preferences, knowledge, beliefs and satisfaction and to measure these magnitudes in the general population. In addition, Cooper and Schindler (2005: 244) show that researchers seldom learn much about opinions and attitudes except by surveying. This is especially valid to investigate intentions and expectations of the target population.

#### **1.6.2.1 Development of the measuring instrument**

The literature study provided valuable insights into the dynamics of women entrepreneurship. Based on the literature review, the characteristics, motivations and obstacles of women entrepreneurs were identified which could be used to assess the dynamics of women entrepreneurs in Lesotho. In addition, organisations established specifically for women entrepreneurs were also identified in the literature. This was also used to formulate questions concerning women entrepreneurship development in Lesotho.

Based on the literature study, the items to measure the different aspects or constructs were identified and a questionnaire was developed to assess those predetermined aspects. The design of this questionnaire took into account the dynamics of women entrepreneurs in Lesotho. Refer to Appendix 1 for a detailed outlay of the questionnaire.

The design in this study is based on non-experimental research and based in exploratory research divided into five sections. Respondents were requested to complete the questionnaire by indicating with a cross (x) the most appropriate or applicable characteristics, motivations to start their respective businesses, obstacles towards women entrepreneurship and the development needs for individual women entrepreneurs or for women entrepreneurs as a group. Refer to Appendix 1.

Section A was developed to gather data regarding the participating women entrepreneurs' profiles and characteristics. These include: age group, marital status, highest academic qualification, number of children they have, past experience before self-employment and the number of years in self-employment. This section entails six questions where female entrepreneurs have to indicate the applicable item or option with a cross (x).

Section B was developed to measure the characteristics or structure of women-owned businesses. These characteristics include: the district where the business is located, age of the business, path to business ownership, source of start-up funding, type of bank account, business break even, form of business ownership, the industry in which the business operates, type of the business premises, annual turnover, value of capital assets and childhood exposure to business or entrepreneurship. This section entails 13 questions where female entrepreneurs were requested to indicate with a cross (x) the characteristics or structure of their respective businesses.

Section C was developed to measure factors which could influence women entrepreneurship. In this section, women entrepreneurs were asked to indicate what motivated them into self-employment. A total of 15 phrases were formulated according to a model established during the literature study and women entrepreneurs were asked to indicate the most applicable motivation(s) with a cross (x).

Section D was developed to measure factors which inhibit women entrepreneurship. In this section, women entrepreneurs were asked to indicate the type of obstacles facing women entrepreneurs that could inhibit entrepreneurial activities. A total of 14

factors that could inhibit entrepreneurial activities were formulated according to a model established during the literature study. The respondents were asked to indicate the most applicable obstacle(s) that they faced during their business start-up with a cross (x).

Section E was developed to identify the development needs of the participating women entrepreneurs. In this section, a development (gap) analysis was done by identifying the current situation such as training received, knowledge of organisations established specifically for women and the developmental support that these organisations offer, followed by the specific development needs of the participating women entrepreneurs. Three sub-sections were developed to measure the development needs of women entrepreneurs according to a model established during the literature study and women entrepreneurs were asked to indicate the most applicable one or more of the factors indicated with a cross (x).

A pilot survey was conducted to test the questionnaire before administering it to the target population of women entrepreneurs. Cooper and Schindler (2006: 88) stated that pilot testing is conducted to detect weaknesses in the research methodology of the data collection instrument as well as to provide proxy data for selection of a probability sample. The pilot testing was conducted at four women entrepreneurs; one from manufacturing, one specialised dealer, one general dealer and one hair dressing salon. Appointments were made with the respondents and they were assured that the information will be treated as confidential and the results will only be used for research purpose only.

#### **1.6.2.2 Study population and sampling method**

The target population of this study was small and medium-sized women entrepreneurs in Lesotho. The Ministry of Trade, Commerce and Industry was contacted to secure a data base of entrepreneurs in Lesotho. A hybrid sampling method that incorporates aspects of both probability and non-probability sampling methods was used to establish the target population.

A hybrid plan involved the selection of the sample by means of two distinct phases. Firstly, cluster sampling was used where women entrepreneurs were clustered into the Maseru, Mafeteng and Mohale's Hoek districts. According to Struwig & Stead (2004: 117), if the clusters are geographically defined it yields the lowest field cost and do not require the listing of all the possible clusters. It can, furthermore, estimate the characteristics of all the clusters as well as the study population. Secondly, convenience sampling was used to identify the women entrepreneurs to be interviewed from each chosen cluster.

To generate a preliminary list of women entrepreneurs, the Department of Trade in Lesotho was conducted in the three districts: Maseru, Mafeteng and Mohale's Hoek. A sample of 75 women entrepreneurs was drawn from small and medium-sized enterprises in the three predetermined districts using the snow-ball sampling method. The sample size is critical because it provides a basis for the sampling error (Leedy & Armnod, 2005: 132).

### **1.6.2.3 Data collection**

The techniques to distribute and complete questionnaires included personal distribution. Questionnaires were sent to Mohale's Hoek and Mafeteng via sub-accountancies where business people pay some of their obligations to the government. In Maseru, questionnaires were sent directly to women entrepreneurs and other questionnaires were completed through telephone interviews marking questions on behalf of women entrepreneurs.

A total of 25 questionnaires were delivered to each district that participated in this study. A cover letter assures respondents that all information will be treated as strictly confidential and will only be used for academic purposes.

A total of 54 questionnaires were fully-completed and collected partly due to time constraints to conduct the research. A response rate of 72% realised.

Data and statistics of women entrepreneurs was summarised from the sources of the Ministry of Trade and Industry and were presented in table 1.3, 1.4 and 1.5.

#### **1.6.2.4 Data analysis**

Data collected were statistically analysed using Statistica (Statsoft, 2008). Descriptive analysis was used where data was presented in gross tabulation, bar and pie charts, followed by the interpretation and discussion of the results.

### **1.7 LIMITATIONS OF THE STUDY**

The limitations of this study are the following:

- There was limited time to conduct the study with the result that some women entrepreneurs could be excluded from the study.
- Data on entrepreneurship is not gender specific as a result that the researcher divided data according to the names of owners using gender specific names. In addition, the Ministry of Trade and Industry only keep data for the Maseru district while other data is kept in the other nine districts. It was, therefore, difficult to compile data for other districts other than Maseru, Mafeteng and Mochale's Hoek.
- There is limited information about entrepreneurship in Lesotho especially women entrepreneurship.
- Research on women entrepreneurship in Lesotho is limited with few or no empirical studies in existence. As a result literature from South African and other countries literature was used.
- The survey size and follow-up of outstanding or not fully completed questionnaires was limited due to location of the sample and availability of women entrepreneurs.

## 1.8 LAYOUT OF THE STUDY

The layout of the study is divided into the following four chapters:

**Chapter 1:** The nature and scope of the study includes an introduction, problem statement, objectives of the study, scope of the study, research methodology, limitations of the study and the layout of the study.

**Chapter 2:** This chapter entails the nature of entrepreneurship and women entrepreneurship. It includes an overview of the nature of entrepreneurship, entrepreneurship and small and medium-sized enterprises, factors which influence women entrepreneurship and the development of women entrepreneurs.

**Chapter 3:** In Chapter 3 the results of the empirical study on women entrepreneurship in Lesotho are presented and discussed.

**Chapter 4:** The conclusions and recommendations chapter includes an introduction, conclusions, practical recommendations, the achievement of the study objectives and suggestions for future research.

# **CHAPTER 2**

## **LITERATURE REVIEW ON ENTREPRENEURSHIP AND WOMEN ENTREPRENEURSHIP**

### **2.1 INTRODUCTION**

The driving force in the modern economy for the past ten years, and the foreseeable future, is entrepreneurship. Entrepreneurs are meeting our economic needs through the creation of thousands of business each year. While larger corporations has instituted extensive “downsizing” or “rightsizing” programs, job creation and economic growth has become the domain of new ventures and the entrepreneur who create them (Mazzarol, Volery, Doss & Thein, 1999: 48). Entrepreneurship is seen as the engine driving the economy and this has resulted in growing interest in the development and education programs that encourage entrepreneurship (Gorman, Hanlon & King, 1997: 22).

This chapter presents a literature review on the nature of entrepreneurship, small and medium-sized enterprise (SMEs) and women entrepreneurship.

### **2.2 THE NATURE OF ENTREPRENEURSHIP**

In the 19<sup>th</sup> and early 20<sup>th</sup> centuries, entrepreneurs were frequently not distinguished from managers and were viewed mostly from an economic perspective (Hisrich & Peter, 1995: 8; Bruni *et al.*, 2004b: 408). For generations of our predecessors; an entrepreneur was any successful businessman. His success proof enough of his abilities and his motivations were obvious: material prosperity, topic recognition, esteem and the welfare of his society (Kent, Sexton & Vesper, 1982: 8). The human issues of entrepreneurship also wear another face; the entrepreneur must also manage him or herself effectively in dealing with ambiguity and uncertainty that surround the creation of an idea and the organisation vehicle around it (Kao, 1991: 2).

To better understand what is meant by the terms entrepreneurship and the entrepreneur, this section deals with the origins of entrepreneurship, definitions of entrepreneurship and the entrepreneur and perspectives of the term “entrepreneurship”.

### **2.2.1 Origins of entrepreneurship**

200 years ago, the French economist, JB Say, coined the term entrepreneur to describe an enigmatic behaviour pattern that has been part of human nature since the beginning of time. The French roots of the word “entrepreneur” come from the word “enterprise” and it is derived from the French word “entreprendre” (Morris & Kuratko, 2002: 22). The German equivalent term is “unternehmen” meaning to undertake. In addition, Tominc and Rebernik (2003: 780) argue that credit for introducing entrepreneur to economic literature must be given to Richard Cantillon, an Irish economist working in France who defined the entrepreneur in 1925 as a speculator who buys today at a lower price and hopes to sell tomorrow at a higher price, thereby creating profit. However, the popular meanings of entrepreneur and entrepreneurship are shown in the next sub-section.

### **2.2.2 Definitions of entrepreneurship and entrepreneur**

Several authors have documented different and similar definitions and meanings of entrepreneurship and the entrepreneur. This sub-section provides definitions of entrepreneurship and the entrepreneur.

#### **2.2.2.1 Entrepreneurship**

Entrepreneurship is rethinking conventional paradigms discarding traditional ways of doing things (Banfe, 1991: 2). Ferrell and Hirt (2003: 158) define entrepreneurship as the process of creating and managing a business to achieve desired objectives. According to Jones, George and Hill (1999: 609), entrepreneurship is the process of mobilising resources to take advantage of an opportunity to provide customers with new or improved goods and services. Entrepreneurship is a way of thinking,

reasoning and acting that is opportunity obsessed, holistic in approach and leadership balanced (Timmons & Spinelli, 2004: 47).

#### **2.2.2.2 Entrepreneur**

According to Hisrich and Peters (1995: 5), the word entrepreneur is French and literally translated, means “between-taker” or “go between”. In addition, these authors show that in the middle ages, the term entrepreneur used to describe both actor and or a person who managed large productions. However, Nieuwenhuizen (2004: 33) has different definitions of entrepreneur:

*“Entrepreneurs are skilled at identifying new products, new methods of production or new ways of marketing existing products. They set up operations to provide new products and arrange the financing of operations”.*

*“Entrepreneurs recognise opportunities for new products or services and obtain the finance and other resources to produce them. The finance and other resources may come from themselves or from other sources. Entrepreneurs are inclined to take risks and are generally associated with economic growth.”*

*“Entrepreneurs are people with the ability to create an enterprise where none exists before. They produce combinations of ideas, skills, money, equipment and markets that form a successful enterprise”.*

Banfe (1999: 1) indicates that Economist J.B. Say defined an entrepreneur as one who recombines capital, physical resources and labour in some new, more innovative ways. Entrepreneurs are individuals who notice opportunities and take responsibility for mobilizing the resources necessary to produce new and improved goods and services (Jones *et al.*, 1999: 608). Entrepreneur is a person who undertakes risk to begin or maintain a productive operation, usually in an independent capacity (Luschinger & Bagby, 1987: 10). According to Tominc and Rebernik (2003: 780), the entrepreneur is seen as an individual who reshuffles resources and moves them from an area of low productivity to an area where they

can contribute to higher productivity and lead to capital gains. McKay (2001: 148) indicates that an entrepreneur can be defined as one who pursues a management opportunity with regard to current available resources.

### **2.2.3 Perspectives of the term entrepreneurship**

From the literature on entrepreneurship, diverging perspectives are given to the term "entrepreneur".

#### **2.2.3.1 Publications**

In some publications, the description of entrepreneur is containing more industrial - economic features than earlier popular views. By means of illustration, Jooste (1983: 4) refers to the following examples:

*"An entrepreneur is an innovative person with a directed energetic drive with the objective of increasing economic wealth by being able to organise and control environmental variables, who moves in areas of uncertainty creating a risk-taking environment and who is capable of coping with stress, strain and uncertainty".*

*"An individual who perceives an opportunity, organise an economic activity, takes risks for profits, constantly and tirelessly struggles to achieve progressively higher standards of excellence, innovates, is highly 'achievement motivated' and is very often a 'social deviant".*

#### **2.2.3.2 School of thoughts**

There are several schools of thought which have emerged and may be labelled to their country of origin. At best such fragments give clues as to the variety of views held by economies over different countries (Chell, Hayworth & Brearleys, 1991: 13).

### **The French school**

The origin of the word entrepreneur shows that it is generally accepted that the first economist, JB Say, to recognise the role of entrepreneur was a French man. Say suggested that the entrepreneur engages in exchange for profit and that he is someone who exercises business judgment in the face of uncertainty.

### **The British school**

The entrepreneur as such did not feature prominently in the writings of the British economists during the early 18<sup>th</sup> century. Marshall developed the concepts of entrepreneurship relative to the use of his predecessors, the classical economist in so far as he thought of entrepreneurs as businessmen who emerged through the evolutionary process of survival of the fittest.

### **The German school**

The thinking here was predicted on the premise that if entrepreneurial talent is a scarce resource, then profit can be regarded as a special kind of payment. For this school, the entrepreneur is regarded as both risk taker and innovator.

### **The Austrian school**

According to this school, entrepreneurial activities include obtaining information about the economic situation. This is because it is the individual awareness and understanding of the situation which give rise to economic change.

### **The American school**

The American school began to emerge after the civil war with disassociation. Walker recognises the role of the entrepreneur as a creator of wealth whose roll should be distinguished from that of a capitalist. Walker believed that profit is the return to the entrepreneur for applying his skill, ability or talent. This suggest that price is both price and the payment the services rendered by the entrepreneur.

However, Tominc & Rebernik (2003: 780) argue that today we can roughly identify two basic ways of looking at the entrepreneur and entrepreneurship. One is mainly employed by economist and the other by strategic and management theorists.

#### **2.2.4 Conclusion**

The origins of entrepreneurship are stated some 200 years ago when the French economist JD Say coined the term entrepreneur. Several authors define entrepreneurship and entrepreneur differently. However, different phrases stem from those definitions and perspectives. These phrases are common in most of the definitions and perspectives above. They include: innovation (new or improved goods and services), creation of business, mobilization of resources, opportunity recognition, management of large productions, arrange financing, risk taking, organization of economic activity, achievement motivated and profit making.

### **2.3 ENTREPRENEURSHIP AND SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs)**

Small and medium enterprises around the globe have a significant impact on the growth of economies through the generation of employment, productivity and innovation. It has been proved that SMEs are the first enterprise to react to macroeconomic stability and to register high business activities. In Bulgaria, the relative share of the SME sector in the formation of the Gross National Product (GDP) stood at 30% in 2001 and in 2002 at 34.2% (Baeva, 2004: 2).

In this section, it is imperative to define SMEs and determine the relationship between entrepreneurship and SMEs.

#### **2.3.1 Definition of small and medium- sized enterprises (SMEs)**

Different countries have different economies and therefore, have different views about the definition of SMEs. However, there are two main characteristics that

distinguish SMEs from large businesses namely, quantitative measures and qualitative measures.

The most commonly used quantitative measure for an SME is the number of people employed by the business. As seen from the qualitative measure, ownership is linked to the management of business.

Richardson, Howarth and Finnegan (2004: 10) indicate that in Ethiopia, SME is defined as a business having fixed assets less than Birr 20 000 (US \$50 000), in Tanzania SME is defined as a business having between one and 49 employees and in Zambia SME is defined as a business having investment less than US\$50 000 for manufacturing and US\$10 000 for trading and services, a turnover less than US\$ 80 000 and employing not more than 30 employees.

The European Commission (2003: 1) highlights that in countries like Japan, USA, and in Europe, a SME is defined as any business with fewer than 500 employees where:

- The small enterprise has fewer than 200 employees.
- The medium-sized enterprise has between 200 and 500 employees.

However, Ferrell and Hirt (2003: 159) define small business as any independently owned and operated business that is not dominant in its competitive area and does not employ more than 500 people.

In South Africa, the National Small Business Act 1996, as amended in 2004, stipulates varying definitions for each industry including number of employees, turnover and value of assets (see Appendix 2, schedule vii of the Act). For each sector, the definitions differ except in the cases of number of employees, where all sectors except Agriculture, have a SME limit of 200 employees. However, the Act defines small business as employing up to 50 employees and medium-sized enterprises as employing between 51 to 200 permanent employees.

In Lesotho, according to Lesotho review (2003: 12), an SME is defined as a business with:

- Fewer than 200 employees
- Annual turnover of less than M5 million
- Capital assets of less than M2 million
- The owners are directly involved in the management of the business.

From the definitions of SME, the owner is also directly involved in managing the enterprise. It is also interesting that although quantitative measures differ from country to country, qualitative measures namely independent ownership and control of the enterprise by the owner distinguish SMEs. SMEs give the manager (owner) greater scope for independent action as well as more direct influence on his or her personal earnings.

### **2.3.2 Relationship between entrepreneurship and SMEs**

Small enterprise is the catalyst for economic development especially employment opportunities. The influence on the economy is therefore of major importance. Apart from their key roles as job providers, entrepreneurs initiate technological innovation, production of new products and establishment of new enterprises. According to Abor and Biekpe (2006: 105), small and medium-sized enterprises in Ghana and elsewhere have a significant impact on the growth of economies through the generation of employment, productivity and innovation. Small or micro businesses become important contributors of growth and employment in Eastern European countries (Radovic, 2007:1).

Throughout the world, it is observed that smaller enterprises constitute the natural inhabitant of entrepreneurs, and that the entrepreneurial initiative of individuals become less and less important and less relevant as the organization grows bigger. Nieuwenhuizen (2004: 35) emphasized that entrepreneurs are also small business managers, as they manage enterprises themselves to ensure growth. According to Merz, Weber and Laetz (1994: 48), people who are responsible for growth of an

enterprise, are also identified as entrepreneurs in terms of more recent definitions. All small business managers and owners of small business enterprises are thus entrepreneurs.

Entrepreneurs are concerned with maximising profits, growth and innovative behaviour while small business owners are associated with furthering personal goals, partaking in a business that consumes the majority of their time and resources and having the business linked with family needs and desires (McKay, 2001: 150). Similarly, this argument is supported by Gundry and Welsch (2001: 455), quoting Carland, Hoy, Boulton and Carland (1984: 354), that differentiated between small business owners and entrepreneurs, with the latter category focusing on growth and innovation. Carland *et al.* (1984: 354) indicate that because the definition of entrepreneurship denotes the creation of some combination that did not previously exist, entrepreneurship is often equated with small business ownership and management.

### **2.3.3 Conclusion**

The definition of SME is distinguished by qualitative and quantitative measures. Quantitative measures differ from country to country while qualitative measures do not differ across countries. These include independent ownership and control of enterprise by the owner. Qualitative measures relate to entrepreneurship. Throughout the world, it is observed that small and medium-sized enterprises constitute the natural inhabitant of the entrepreneur.

For the purpose of this study, SME is defined as independently owned and operated business with fewer than 200 employees, with less than M5 million and annual turnover and capital assets below M2 million.

Therefore, given the blurred lines between entrepreneur and SME owner, no distinction will be made between them for the purpose of this study. The words SME owner and entrepreneur will be used interchangeably.

## 2.4 OVERVIEW OF WOMEN ENTREPRENEURSHIP

### 2.4.1 Introduction

*"It's the only you can manage being a woman, a mother and have a career that you've got control of, otherwise there is always someone saying 'wouldn't, it be great if..well, I want to decide if it would be great. For its flexibility, just answering to myself, I couldn't now work for anyone else now I got children. Women can beat the system by doing it themselves" (Marlow, 1997: 1999)*

Women are increasingly important as members of the entrepreneurial family (Coulter, 2003: 81; Eddleston & Powell, 2008: 244; Tominc & Rebernik 2003: 780). In the 1990's, interest in women entrepreneurs increased as the number of women-owned business in the United States surged. This argument is supported by Becker-Blease (2007: 503) that women business are the fastest growing sector of new venture ownership in United Kingdom. Statistics show that women-owned businesses are also the fastest growing segment in new business start-ups (Mattis 2004: 154). One effect of this rapid increase in female self-employment was that it catches the attention of women as business owners, managers, and employers (Marlow 1997: 1). Kuratko and Hodgetts (1992: 570) state that one of the reasons for this increase in female entrepreneurship is that self-employment offers greater flexibility and adaptability in combining work and family responsibilities.

The number of female business owners continues to increase steadily worldwide and it is estimated that firms owned by women accounts for between 25% and 33% of all businesses. Eddleston and Powell (2008: 244) show that results support the view that entrepreneurship is a gendered process, and that incorporation of a feminine perspective into entrepreneurial theories and research is needed. However, Tominc and Rebernik (2003: 781) indicate that women not only generate an important amount of GDP, they are also influencing how the business community, public, officials and the media perceive and respond to women. In addition, McClelland, Swail, Bell and Ibbotson (2005: 1) state that it is evident that the entrepreneurial

activity of these female entrepreneurs is making a distinct difference in their communities and economies of both developed and developing countries.

It is important that women entrepreneurs are not treated as a monolithic category. Rather they are diverse and complex group with varied backgrounds, circumstances and worldviews and as a result the study of women and entrepreneurship is still emergent (McKay, 2001: 148).

This section covers the characteristics of women entrepreneurs, factors which influence women entrepreneurship, factors which inhibit women entrepreneurship, women entrepreneurship development and future research on women entrepreneurship.

#### **2.4.2 Characteristics of women entrepreneurs**

The characteristics of male and female entrepreneurs can be divided into demographic and personal profiles. According to Coulter (2003: 18), some of the more popular demographic factors include; family birth order, gender, work experience, education and an entrepreneurial family. However, other demographic traits that have been studied by entrepreneurship researchers include; marital status, education level of parents and socio economic status. While characteristics of both male and female entrepreneurs are generally very similar, in some respect female entrepreneurs possess very different motivation, business skill levels and occupational suitable backgrounds ( Table 2.1) than their male counterparts (Hisrich & Peters, 1995: 62).

**Table 2.1: Comparison between men and women entrepreneurs**

<b>Characteristic</b>	<b>Male Entrepreneurs</b>	<b>Female Entrepreneurs</b>
Motivation	Achievement - strive to make things happen Person independence-self image as it relates to status through their role in the corporation is unimportant Job satisfaction arising from the desire to be in control	Achievement - accomplishment of a goal independence-to do it alone Job satisfaction arising from previous job frustration
Departure	Dissatisfaction with present job Sidelined in college Sidelined to present job Outgrowth of present job Discharge or layoff. Opportunity for acquisition	Job frustration Interest in and recognition of opportunity in the area Change in personal circumstances
Sources of funds	Personal assets and savings Bank financing Investors Loans from friends or family	Personal assets and savings Personal loans
Occupational back ground	Experience in line of work Recognized specialist or one who has gained a high level of achievement in the field	Experience in area of business, middle-management or administrative level Experienced in the field
Personality characteristics	Competent in variety of business functions opinionated and persuasive Goal-oriented Innovative and idealistic High level of self confidence Enthusiastic and energetic Must be own boss	Service-related occupation background Flexible and goal-oriented Creative and realistic Medium level of self-confidence Enthusiastic and energetic Ability to deal with the social and economic environment
Background	Age when starting venture 25-35 Father was self-employed College educated-degree in business or technical area (usually engineering) Firstborn child	Age when starting venture 35-45 Father was self-employed College educated-degree in liberal arts Firstborn child
Support group	Friends Professional acquaintances (lawyers, accountants) Business associates Spouse	Close friend
Type of business started	Manufacturing or construction. Average net income \$7,100/Year	With spouse Family woman's professional groups Trade associations Service-related-educational service Consulting Public relations Average net income \$2,200/year

Source: Hisrich and Peters (1995: 63)

In relation to age and education of women entrepreneurship, Abor and Biekpe (2006: 109) show that the largest underutilized group with real skill development potential is women, especially those between ages of 35 to 55 years.

A survey on differences between female and male entrepreneurs in the 1990's in Great Britain revealed that female entrepreneurs were better educated and that flows into self employment were considerably higher than men (Tominc & Rebernik, 2003: 782). In South Africa, individual skills are currently a critical problem. 71% of women entrepreneurs have an educational qualification lower than grade 12 (Maas & Harrington, 2006: 42). However, Abor and Biekpe (2006: 109) indicate that female entrepreneurs were significantly better educated than their male counterparts.

In addition Tominc and Rebernik (2003: 782) indicate that the empirical evidence from Swedish survey analysis revealed that female underperformance disappears from most of the performance criteria. The only area where women-owned businesses still underperform is in terms of sales growth. This argument is further supported by Watson (2003: 263) that female-owned businesses generally outperform male-owned business in variety of measures such as revenue, profit, growth and discontinuance rates.

South Africa launched a report titled: *South African women entrepreneurs*. In this report, Minister Mphahlela (2006) argued that opportunities for women entrepreneurs are in the hair and beauty, tourism and retail through the formulation of consortiums (Thabethe, 2006:1). Male-owned SMEs were found to be relatively larger than female-owned businesses. Smith-Hunter (2006: 27) indicates that this argument has been further extended by Cliff (1998) who found that compared to their male counterparts, women entrepreneurs were more likely to want their business to remain below a certain threshold and not become too large. According to Welter (2004: 212), female entrepreneurs more commonly create and retain micro enterprises.

The most evident and well known characteristic of women's employment is that women are concentrated in certain sectors (Dominc & Rebernik, 2003: 796). In addition, Learner *et al.* (1997: 325), Verheul, Uhlaner and Thurik (2005: 495) and

Catley and Hamilton (1998: 75) indicate that the majority of women-owned businesses are concentrated in retail and service sectors, which are perceived traditional areas of female employment. Similarly, Watson (2003: 262) highlights that female business ownership is concentrated primarily in the retail and service industries where business are relatively smaller in terms of employment and revenue as opposed to high technology, construction and manufacturing. This argument is supported by Hisrich and Peters (1995: 8) that most women usually have administrative experience which is limited to middle management level, often in more service related areas such as education, secretarial work or retail sales. Catley and Hamilton (1998: 75) indicate that industry choice influences business size and it is the relative smallness of female-owned business. Furthermore, Birley *et al.* (1987: 29) added that the largest portion of the business started as sole proprietors, employing only one or two people.

In terms of the type of business ownership, Hisrich and Peters (1995: 8) and Lee-Gosselin and Grise (1990: 424) indicate that SMEs owned by females are likely to be sole proprietors and female-owned SMEs recorded 28.4% debt finance. This appears to support the results of earlier studies that female-owned firms have greater difficulty accessing debt finance (Abor & Biekpe, 2006: 109). Kaviv (2008: 449) argue that the results indicate that men and women appraise stress differently- predominant stressors for women are negligibly for men.

According to Smith-Hunter (2006: 29), Minniti and Arenius (2003: 21) more recent studies found that women entrepreneurs were mainly involved in the service industry regardless of their race. McClelland *et al.* (2005:86) indicate that with regard to previous work experience the literature highlights the predominance of woman in traditional sectors (i.e. service, retail and teaching). Mazzarol *et al.* (1999:58) indicate that women were traditionally found in employment within the service sector and this appears to be continuing pattern in self-employment. The business interest of female entrepreneurs ranged from beauty therapy treatment, aged care, recycling and bar management. Smith-Hunter (2006:29) suggest that Buttner & Moore's (1997) study on women entrepreneurs showed that, on average, the women entrepreneurs were in their mid forties, college educated, and married with at least one child. In addition

the same study found women's earnings to be comparable with, or more than what they received in their previous employment in the mainstream labour market.

In a study of 47 male and female entrepreneurs, Birley *et al.* 1987: 29) discover that women are more successful at getting their business off the ground. In terms of personality, there are strong similarities between male and female entrepreneurs. Both tend to be energetic, goal oriented and independent. However, men are often more confident and less flexible and tolerant than women, which can result in very different management styles (Hisrich & Peters, 1995: 62).

### **2.4.3 Factors influencing women entrepreneurship**

The reasons why women have exited the mainstream labour market to enter the field of entrepreneurship have been explored by a number of researchers. Several studies on women entrepreneurs have attempted to identify the reasons for starting a business and have come up with similar findings. About one-fifth of women have been found to be drawn to entrepreneurship by pull factors, while the rest are drawn by push factors (Ghosh & Cheruvalath, 2007: 149).

Pull factors for instance, include the need for a challenge, the challenge to try something on their own and to be independent (Birley *et al.*, 1987: 28) and to show others that they are capable of doing well in business (Ghosh & Cheruvalath, 2007: 149). This argument is supported by Smith-Hunter (2006: 28); Baeva (2004: 2); Bruni, Gherardi and Poggis (2004a: 260); Birley *et al.* (1987: 28); Lee (1996: 20); Greene, Hart, Gatewood, Bush and Carter (2005: 71); Bach (1997:10); McKay (2001: 149) and McClelland *et al.* (2005: 85) that cited pull factors such as the need for independence, self fulfilment and the desire for wealth, social status and power. Many women operate their businesses on a part-time basis as this affords them flexibility often needed to meet their family responsibilities. Buttner and Moore (1997: 34) noted that female entrepreneur measure success in terms of self-fulfilment and goal achievement.

Push factors such as insufficient family income, dissatisfaction with salaried jobs, difficulty in finding the job, balancing family responsibilities (McKay, 2001: 149; DeMartino & Barbato, 2002: 816) and the need for a flexible work schedule are also highlighted by scholars (Ghosh & Cheruvalath, 2007: 149). In addition, Ghosh and Cheruvalath (2007:149); DeMartino and Barbato (2002: 818) and Lee-Gosslinne and Grise (1990: 420) emphasise that other studies show that the major reasons for women starting new ventures are frustration and boredom in their previous jobs, followed by an interest in business and autonomy. Women used the autonomy of entrepreneurship to integrate the goals of family and personal interest to the goals of their work (DeMartino & Barbato, 2002: 820). Bradley and Boles (2003: 6), McKay (2001: 152), and Catley and Hamilton (1998: 76) confirm that women were more dissatisfied with their previous work experiences and saw self-employment as a means of catering for conflicting personal and work demands.

Dolinsky and Caputo (2003: 235) stated that previous research indicates that the primary attraction for pursuing self-employment is believed to be independence in that it affords individuals freedom from employment-related constraints that exist in formal bureaucratic organizations. Other cited features that attract individuals to self employment include the potential for experiencing challenging opportunities, significant economic rewards, high job security and personal achievement. In addition, Mazzarol *et al.* (1999: 58) indicate that individuals who had previously employment experience within large organisations were significantly more likely to establish their own businesses. Women tend to start their businesses in the areas of previous occupational expertise such as retail and professional services (Breen, Calvert & Oliver, 1995: 246). This argument is further supported by Chavan and Agrawal (1998: 1) that once established, they loved being their own bosses because of the satisfaction of being independent. They had a high level of pride in their achievement of being solely responsible their business outcome.

The evidence of glass ceiling effect that impede executive women from reaching more senior executive positions thus pushes them for management positions in their own businesses (McClelland *et al* (2005: 85). This argument is further supported by Hokkanen and Autio (1998: 7) that starting a firm of one's own may be one way for

females to avoid 'glass ceiling' that sometimes been argued to exist in established organisations, providing one attractive way for career-oriented females realise their full potential.

Furthermore, McClelland *et al.* (2005: 86) indicate that it has been suggested in the literature that women are motivated by the social contribution their business can make to society. However, Dolinsky and Caputo (2003: 235) show that little is known about the consequences of self employment, especially with respect to women.

#### **2.4.4 Factors inhibiting (barriers/ challenges) women entrepreneurship**

*"The hopes that entrepreneurship may be a means of overcoming gender subordination seem misplaced. Women may certainly escape some of the confines of the labour market, but these are replaced with a range of problems to face in entrepreneurship which are gender related. Evidence doesn't suggest that conjugal roles are being re-negotiated, women are still performing double shift."* (Simpson, 1991: 120)

Globalization has provided greater opportunities for women to participate in the market economy; it has also contributed to widening gender inequality, both within and among societies. For some, there have been new opportunities and increased prosperity through economic growth; for others, the effects of globalization have been uneven. For vulnerable groups, especially poor women, globalization has been particularly mixed bag, often exacerbating existing inequalities and relegating women to low pay, dead-end jobs in the manufacturing, service and agricultural sectors.

A key area of emerging consensus is the strong correlation between sustainable development and equality between women and men. However, gender inequalities remain passive worldwide (Landes, 2003: 2). According to Kuratko and Welsch (1994: 332), women entrepreneurs have long felt that they have been victims of discrimination. Various studies examined the types of discrimination and some have been attempted to document them. This argument is supported by Bruin, Brush and Welter (2007: 325). Researchers Sexton and Bowman-Upton suggest that female

business owners are subject to gender-related discrimination. In addition, Abor and Biekpe (2006: 106) emphasise that this discrimination against women seems to be even worse in sub Saharan African countries such as Ghana, where the financial sector is male oriented. The argument is further supported by Marlow (1997: 202) that discrimination remains a problem for women in self-employment, for example, they experience particular difficulties in gaining bank finance for their ventures.

Challenges to women entrepreneurs cover a wide spectrum, including level of education, inter-role conflicts emanating from greater parenting responsibilities, a dearth of financial assistance and socio-cultural constraints (Ghosh & Cheruvalath, 2007: 150).

Men and women both experience personal problems but women recorded more difficulties. This is especially true in respect to lack of self confidence and not to be taken seriously which, when applied by providers of funds (Bridge, O' Nell & Cromie, 2003: 255). In Africa, women as producers and entrepreneurs, it is widely acknowledge that African women have access to fewer resources than men. For example, relative to men, they tend to have lower access to land, credit facilities, education and training facilities (Katepa-Kalala, 1999: 7).

Furthermore, in many African countries, women have fewer inheritance rights either by law or obstacles preventing women from realizing their economic potential as well as constraining economic development (Ong, 2008: 1). Downing and Daniels (1992: 1) argue that growth oriented donors have promoted investment strategies in Africa that typically exclude women, due to the commonly held view that women enterprises are concentrated in undynamic sub-sectors that have little potential for contributing to the growth of micro economy.

#### **2.4.4.1 Inequality of access to credit**

Several authors (Kuratko & Welsch, 1994: 332; O'Neill & Viljoen 2001: 39; Hisrich & Oztirk, 1999: 123; Breen *et al.*, 1995: 446; Cannon, 1991: 344; Hisrich & Peters, 1989: 68; Baeva, 2003: 3, Watson, 2003: 263, Richardson, Howarth & Finnengan,

2004: 52; Heidrick & Johnson, 2002: 2; Fay & Williams, 1991: 65) indicate that women have problems getting credit lines for starting and growing businesses. Abor and Biekpe (2006: 106) highlight that number of previous empirical studies by Batner and Rosen (1988); Collerett and Aubry (1990); Riding and Swift (1990); Brush (1992) and Coleman (2000) indicated that female-owned business encounter greater difficulties in accessing bank sources of finance than male-owned firms. The difficulty encountered by women in obtaining financial resources induces them to choose low capital intensive activities, like those in service sector (Bruni *et al.*, 2004a: 260).

According to Kuratko and Welsch (1994: 334), there appears to be some evidence that women are rejected more frequently for loans and are often asked to have their spouse or other male family member co-sign the loan application. Bridge, O'Neill and Cromie (2003: 262) argue that women's difficulties in getting finance can rise because of pure gender discrimination. Access to working capital financing is also necessary to smooth out fluctuations in income due to timing of production and sales. Lack of sufficient capital tends to affect SMEs ability to develop new products. Abor and Biekpe (2006: 105) state that some scholars argue that there may be adverse discrimination in lending process, placing woman at the disadvantage.

This means that women are either unfairly denied credit and discourage in the credit application process, with the end results that they are less likely to obtain debt financing (Abor & Biekpe, 2006: 109). This argument is supported by Welter (2004: 212) that gender discrimination by finance and support providers with regard to financing, previous research indicate that women-owned business start with both lower levels of overall capitalisation and lower ratio of debt finance than men (Bruin *et al.*, 2007: 325). This argument is further supported by Cooper and Artz (1995: 445) that there is some evidence that women encounter more barriers to financing, including having to provide more collateral.

Watson (2003: 262) points out that if women entrepreneurs got credit, they pay higher interest rates than men for their most recent loans. However, Cavalluzzo and Wolken (2005: 2155) argue that the loan officers in banks visited that were confronted take the prospect of discrimination very seriously. Fay and Williams

(1991: 69) indicate that loan officers were less likely to recommend a loan for the female applicant than they were for male applicant, the reason being on the inadequacy of available equity or security. In addition, the banks calculate financial ratios to access probability of repayment. According to Johnson (2002: 1), barriers to SME financing do exist, and vary significantly according to business type, age, stage and industry with owners facing different barriers accordingly. More mature businesses are generally perceived as a lower risk for financing, therefore financing arrangements can be made on the strength of the existing business rather than owner characteristics.

However, Welter (2004: 213) indicates that female entrepreneurs prefer informal sources of finance. Mattis (2004: 154) argue that women usually rely solely on personal assets, such as savings and credit cards. Women tend to establish smaller businesses, rely less on banks than men and tend to use their own personal savings supplemented by support from family members and friends (Breen *et al.*, 1995: 447). This might indicate both difficulties in relation to financial institutions and risk adverse attitudes for both female entrepreneurs. In addition, Welter (2004: 213) also argues that women micro entrepreneurs often feel uncomfortable dealing with financial institutions. Business size and the type of entrepreneurship that women pursue also influence the general credit legitimacy of women entrepreneurs.

However, O'Neill and Viljoen (2001: 39) oppose that there is discrimination against women when it comes to bank loan applications. According to Green *et al.* (2005: 9) their study found no evidence that stereotypes influences the lender's funding decision.

#### **2.4.4.2 Work-home role conflict**

Other issues facing women in the establishment and operation of small business are their dual responsibilities of household and family versus employment (Mazzarol *et al.*, 1999: 58, Breen *et al.*, 1991: 447; Chell, 2001: 159; Cannon, 1991: 334; Bruni *et al.*, 2004b: 413) indicating that the tension that exists between the female entrepreneur's personal life and her career pursuit was referred as work-home

conflict. According to Coulter (2003: 81), the dual career family emerges as norm in the mid 1990s. The growth of women owned business reflects broader-based changes worldwide. The concepts of dual income families and professional women in the workplace are ever expanding notions. This societal change also poses a critical problem for women however. A tension exists in the form of inter-role conflict, in which the pressures from the entrepreneurial role and the home maker role become incompatible (Kuratko & Hodgetts, 2001: 621; Breen *et al.* 1995: 446; Catley and Hamilton, 1998: 78; Mallette & McGuinness, 1998: 1; Ahi, 2006: 605). Winn (2004: 148) indicates that work-home conflict is evident even for women who do not have children.

The major responsibility for managing home and family tasks as well as working full time places a double burden on women entrepreneurs. Because it takes an abundance of time to do both jobs, women face exhaustion and stress as they try to balance this responsibility (Kuratko and Welsch, 1994: 333). As the result of family commitments, female business owners may have less time available for their business than male owners (Watson, 2003: 263, Chell and Baines 1998: 119; Mazzarol *et al.*, 1999: 58). Therefore, Kuratko and Welsch (1994: 333), Bruni *et al.* (2004b: 416) and Breen *et al.* (1995: 446) argue that family responsibilities, could limit women engaging in entrepreneurial activities. This argument is further supported by Winn (2004: 144) that while many women become successful business owners, the difficulty of balancing their families with their business obligation cannot be overemphasized.

Furthermore, Mazzarol *et al.* (1999: 58) point out that while the majority of the female entrepreneurs viewed their family responsibilities and child rearing as a barrier to self-employment, there were several cases where owning a small business offer alternatives such as flexible hours and mobility of running the business.

#### **2.4.4.3 Self confidence**

Another barrier that was apparent amongst women was a lack of self confidence. This was related to a lack of business knowledge and low self esteem (Bradley &

Boles, 2003: 17). According to Mallette and McGuiness (1998: 12) and Greene *et al.* (2005: 11), although women perceive that they achieved slightly a higher level of success than men, they seemed to begin the start-up process with certain handicaps. One of these was the tendency for women to start smaller businesses. Stay small was negatively linked to efficacy, which indicated that women starting small businesses were not very confident about going ahead with start-up.

Jones and Tullous (2002: 245) state that numerous studies examining the accuracy of self-assessment have found that women are more likely to under estimate themselves in a variety of ways:

- Women significantly underrate their performance on masculine gender-type tasks.
- Women are unlikely to overestimate their performance and female managers tend to rate themselves lower than male counterparts.

This argument is further supported by Hirsch and Peters (1989: 68) that indicate that in terms of personality, there are strong similarities between male and female entrepreneurs. Moreover, men are often more confident and less flexible than women which can result in different management styles. In addition, Birley *et al.* (1987: 28) argue that this point is supported by Tuck (1985) who further concluded that women lack confidence in numerical skills.

#### **2.4.4.4 Laws and regulations**

Legal context play an important role for female entrepreneurship, influencing the nature and its extent as well as their economic contribution (Welter, 2004: 214). In addition, Welter also indicates that social and tax policies could influence women entrepreneurs with respect to the level of social security connected to entrepreneurship. This is an important factor for potential women entrepreneurs who might also consider entrepreneurship for family reasons or to improve their households. However, Maas and Herrington (2006: 41) argue that the regulatory environment, where some legislation limits women's' contractual rights which in turn limits women's participation in the economy. The World Bank Group (2007a: 1)

indicate that among its primary objectives includes identification of laws and regulations that discriminate against women.

Ong (2008: 1) identifies regulations that discriminate against women. In the United Arab Emirates, a law forbids women to work at night. To start a business in the Democratic Republic of Congo, women need their husbands' consent and a single woman requires a judge's approval. In Lao People's Democratic Republic, women are banned in performing certain types of management. In Germany, open discrimination could be observed until the early 1990's in legal regulation where women needed their husbands signature on labour contracts to become valid or regulations with respect to bank accounts where husbands were required to countersign a women's application. In addition, Baeva (2004: 3) point out that woman had more problems with the frequent changes in legislation and interpretation of the legal regulations.

#### **2.4.4.5 Negative self perceptions**

Woman view themselves as having personal characteristics that negatively affect their business activities. There are some indications that rural, migrant women may be more affected by their personal deficiencies (Kuratko & Welsh, 1994: 33). According to Welter (2004: 215), most women entrepreneurs, especially those having set up a venture in the professionals sector, do not see themselves as "unternehmerinen" which they attribute to those women who lead larger industries.

#### **2.4.4.6 Socio-cultural environment**

Social attitudes towards entrepreneurship are part of the business environment and for that reason, are of great importance to women entrepreneurs (Baeva: 3). Maas and Herrington (2006: 41) emphasize that cultural factors, societal views and societal perceptions that did not encourage women entrepreneurships are among the factors which inhibit entrepreneurship. These barriers include factors such as a lack of respect from the male community, over societal discrimination, social conditioning and sexual stereotyping (Kuratko & Welsch, 1994: 333). Women, furthermore, often

do not receive the social acceptance or recognition they deserve (Ghosh & Cheruvalath, 2007: 143).

For these reasons women entrepreneur view public attitudes towards them as negative (Baeva, 2004: 3). Learner *et al.* (1997: 318) argue that the degree to which women entrepreneurs face structural barriers will arguably have an impact on the performance of their ventures. The degree to which these structural dimensions affect women entrepreneurs depends greatly on the country context. These differences in social structures across developed and developing countries suggest variations in individual factors affecting the performance of women-owned businesses.

#### **2.4.4.7 Societal biased perceptions**

Social and cultural systems, such as social norms and the structure of society, also have an influence on the progress of entrepreneurs in general and of women in particular (Gosh & Cheruvalath, 2007: 143). Kuratko and Welsch (1994: 333) argued that women entrepreneurs are often not taken seriously, being viewed as “hobbyists,” “dabblers” or part-times and set up by their husbands so they can have fun or to keep them busy. They may also be viewed as overemotional or unable to understand the inner workings of business. In Germany, society still defines women mainly through roles connected to family and household responsibilities (Welter 2004: 215). There is some evidence that women entrepreneurs need to overcome society’s believe that women are not as serious as men about business (Cooper & Artz, 1995: 445).

#### **2.4.4.8 Risk averse**

Female business owners (on average) may be more risk averse than male owners (Watson, 2003: 263). According to Kuratko and Welsch (1994: 333), women are found to have greater fear of failure than men. They have been socialized to be cautious, avoiding risks and danger, and as a result they are susceptible to setting their business sights too low. Sometimes they are afraid to travel, elate to strange people, to hire subordinates, or borrow large sums of money.

They may start their business small and very often keep it small. Female entrepreneurs also seem to be more concerned than male entrepreneurs about the risk of fast paced growth and tend to deliberately adopt a slow and steady rate of expansion (Cliff, 1998: 523; Mallette & McGuinness, 1998: 12). Similarly, Hutchinson (1995: 238) suggests that when the owner-manager's attitude is risk averse and is accompanied by the desire to retain control of the firm in some form, he or she may actively place a limit on the growth of equity. However, Brindley (2005: 153) argue that women become less risk averse when they have more confidence.

#### **2.4.4.9 Ambivalence about being a competitive, profit –oriented deal-maker**

Women may be averse to being perceived as a “hustler,” “money grabber” or “competitor” because they have been socialized into nurturing, mothering and serving others. They are sensitive to rejection and are hesitant to ask something to close a deal (Kuratko & Welsch, 1994: 333). According to Baeva (2004: 3), women, however, had suffered more often from strong and unfair competition. According to Learner *et al.* (1997: 325), historically, women-owned businesses have been concentrated in retail sales and services. Both retail and services generally have smaller returns and labour intensity. These sectors are generally easy to enter because of comparatively small capital investments. Companies in the service and retailer industries generally have lower growth rates and profitability and often confront greater competition.

#### **2.4.4.10 Isolation from business network**

The personal network of the entrepreneur is the most important resource of the firm. Strong ties in social networks facilitate the start-up (Learner *et al.*, 1997: 324). Similarly, Manolova, Carter, Manev and Gyoshev (2007: 411) indicate that overall, social networks are a critical source of resources and support which alleviates the liabilities of newness and smallness and allows entrepreneurs to engage in the pursuit of growth opportunities. Affiliation with a single network was highly related to profitability, whereas involvement in multiple networks was detrimental to both revenues and number of employees (Learner *et al.*, 1997: 316).

Gender differences in network structures and networking behaviour i.e. in social capital may influence both the decision to start and grow a business as well as the business survival and success. With respect to social capital in the form of networks, some research indicates that gender specific deficits in the networking contracts of female entrepreneurs paying attention to limited outreach and diversity of women entrepreneurs' networks (Welter, 2004: 213). In many countries, women are often excluded from social networks or informal network of information (Learner *et al.*, 1997: 324).

However, Bruin *et al.* (2007: 325) argue that what remains to be seen with respect to women is whether these entrepreneurial networks are effective at facilitating the transition to self-employment. Since most young women are not expected to someday operate a business, they are not taught the ropes of the system or encourage joining the business-oriented organizations. In fact, until recently some professional community organizations were actually closed to women. This lack of contacts has led to feelings of isolation, especially among women (Kuratko & Welsch, 1994: 333).

Moreover, Ghosh and Cheruvalath (2007: 143) argue that it has been noted that women tend to underestimate the importance of networking. Female entrepreneurs still do not consider networking activities as an essential part of their tasks as entrepreneurs mainly due to certain social stigmas or social norms against them. However, Manolova *et al.* (2007: 411) indicate that social networks in which entrepreneurs are embedded influences their ability to access resources needed to operate.

#### **2.4.4.11 Developing a management style**

Men are mainly characterised by a traditional leadership style while women display distinct abilities in transformational leadership: a management style which seeks to foster positive interaction among subordinates (Bruni *et al.*, 2004a: 264). Because of socialization and relative lack of experience, women entrepreneurs may be more comfortable tackling smaller, technical problems than with the big picture of the total

business (Kuratko & Welsch, 1994: 333). According to Baker, Aldrich, Howard and Liou (1997: 234), one of the most robust findings of the gender differences in literature is that women use leadership styles that are democratic and participative compared to men's more autocratic and directive styles.

#### **2.4.4.12 Lack of business management, skills training and experience**

The importance of business skills, particularly strength in idea generation, and dealing with people was found to be related to performance. Since business skills are related to the stage of business development, it is argued that women face challenges in learning business skills early in the life cycle of their business and are therefore less profitable than in later stages when they are more competent in business skills (Kuratko & Welsch, 1994: 332).

Maas and Herrington (2006: 41) indicate that the lack of education opportunities and education systems have the potential to severely limit women's participation in entrepreneurial activities. Women are often the ones to experience limited access to education. However, Kuratko and Welsch (1994: 333) also argue that most women entrepreneurs have not been in business before and many have little management experience while women entrepreneurs generally have a higher level of education than their counterparts and programs of study tend to be less related than those of their male counterparts. Women have also a lack of management training and job opportunities due to the reality that women did not always have the same access to appropriate training (Maas & Herrington, 2006: 41, and Birley *et al.*, 1987: 281).

Maas and Herrington (2006: 55) indicate that in South Africa, individual skills are currently a critical problem. The specific entrepreneurial skills that women entrepreneurs in South Africa lack are in an area such as financial management, idea generation skills conducting feasibility studies, exporting and technological skills. In addition, Kuratko and Welsch (1994: 332) argue that traditional socialization of women has led a lifetime of negative messages regarding maths, technology and financial matters.

Women believe that they have weak financial skills and average marketing and operating skills (Catley & Hamilton, 1998: 77; Lee-Gossen & Grise 1990: 427). This argument is further supported by Welter (2004: 214) that the lack of finance management experiences might added to the problems especially in those cases where women have less access to training because of interrupted work careers. Due primarily to low literacy rates and lack of training in information technology, African women are not able to take advantage of the changes of globalization to the same extend as the rest of the world (Katepa-Kalala, 1999: 7).

However, Brindley (2005: 154) and Boden and Nucci (2000: 348) indicate that a lack of relevant work or management experience by women entrepreneurs limit their choice of sector for their business start-ups to those with low barriers of entry.

#### **2.4.4.13 Lack of female role models**

Research on role models and family background of entrepreneurs suggest a strong connection between the presence of role models and the emergence of entrepreneurs (Matthews & Moser, 1995: 366). According to Mattis (2004: 154), women entrepreneurs have fewer role models available to them than men. There is a need for successful female entrepreneurs to become more visible so as to serve as role models for other women. Similarly, many entrepreneurs do not have familiar alternative role models that would support more ambitious growth objectives of the company as well as the reshaping of their personal situation. The lack of alternative role models, result in expectations of low growth for their company (Lee-Gosselin & Grise, 1990: 431). Limited use of mentors by women was found to be significant inhibitor to successful business development (Learner *et al.*, 1997: 324).

Kuratko and Welsch (1994: 333) shows that while this problem seems to be dissipating with the exposure of success stories and publicity surrounding female entrepreneurs, “why it takes three years to produce reliable figures on women’s business participation and ownership.” In addition, Matthews and Moser (1995: 366) conclude that from an environmental perspective, most entrepreneurs have successful role models either in the family or work place.

#### **2.4.4.14 Lack of timely information**

Access to networks of information and assistance are often the main source of information and contracts but which often comprise more or less overt mechanism of gender exclusion (Bruin *et al.*, 2004a: 256). However, Lack of timely information leads to fragmented knowledge. Lack of accurate and timely information inhibits progressive policy making. “Informed decisions about policy related to business owned by women, minorities and veterans are often constrained by lack of timely and accurate information.” In addition, Welter (2004: 213) found that support from strong tie networks, especially family support a decisive factor for business support.

#### **2.4.5 Women entrepreneurship development**

There is an ongoing debate as to the best way to stimulate women entrepreneurship that contributes to both economic and social inclusion (Welter, 2004: 218).

A thorough understanding how SME’s grow is an important issue because according to Berger and Udell (1998: 613) and Radovic (2007: 1), small and medium-sized enterprises provide the engine for economic growth for many countries. There is a strong business case for promoting women’s economic development, entrepreneurship and enterprise.

As a result of gender inequalities, women remain- to some degree in all parts of the globe-untapped economic resources and underutilized economic assets (Landes, 2003: 1). Non-governmental organisations around the world are now creating and implementing projects to encourage entrepreneurship as a pathway out of poverty. Many projects specifically target on women in the third world countries (Radovic 2007: 1). Downing and Daniels (1992: 1) emphasise that female entrepreneurs’ growth pattern using census survey data collected in Lesotho, Swaziland, South Africa and Zimbabwe explore.

- Employment growth rates of women entrepreneurs are significantly lower than men; female have not translated access to credit and training into increase in

firms' employment to the same extent that men have; even within the same sub sector.

- Women enterprises grow more slowly than men; women entrepreneurs are concentrated in a narrow sub sectors and most cited problem of female entrepreneurs is inadequate market demand.

The investigative explanation for this relative lack of growth in women entrepreneurship may be due to:

- Burden of domestic responsibility.
- Siphoning of profits into household consumption and investment in human capital and health of children.
- Having different business strategies-growing literally through diversification in order to spread risk as the issue of security is all important; and being at a disadvantage in accessing the market.

Identifying the most effective way of removing or reducing the barriers women face requires a number of initiatives (Brindley, 2005: 155). Micro-financing and women's economic empowerment movement are gaining popular recognition as keys to peace and prosperity (Jordan, 2008: 24). Mayoux (2000: 18) argue that to maximise the contribution of micro- finance to women empowerment requires equity in access to all micro-financing.

According to Ong (2008: 1), in 2006, the International Finance Corporation (IFC) made its first line credit dedicated to women by providing funding to Nigeria to help ease access to credit. IFC (2007: 1) supported Ong's statement by showing that IFC and World Bank Group activities include the launch of women's banking programs in Tanzania and Uganda.

The World Bank Group (2007b: 1) shows that women often benefit more than men from business enabling environment reforms as their business tend to have more problems. To address this issue, *the gender and growth assessment* tool was developed in Uganda, Kenya, Tanzania and Ghana. The World Bank Group started

the Gender Entrepreneurship Markets. Gender Entrepreneurship Markets aims to help better leverage the untapped potential of women in the emerging markets. Its activities are structured around three main goals; increasing access to finance for women, adding value to IFC investment projects and addressing gender barriers in the business enabling environment. Examples of countries benefiting from Gender Entrepreneurial Monitor include Guatemala, Pangaea, Mexico and Nigeria.

In the US, several government initiatives were designed to support women business owners (Greene *et al.*, 2005: 9). Private firms that offer opportunities for such women business include small Business Administration (SBA). It has a series of development programs that are designed to help minority entrepreneurs. These programs include support for government contractors, access to capital, management and technical assistance (Kuratko & Hodgetts, 2001: 633). According to Guillies and Phillips (2008: 2), in the USA, women may find opportunity in angel investing that is different from men. In addition, some women are attracted to angel investing as a means of supporting the growth and development of women owned businesses. The German government only recently started paying attention to the topic of female entrepreneurship as an important means to raise the overall level of entrepreneurship (Welter, 2004: 217).

The 1995 publication of the white paper on the development of small business indicate that the government of South Africa realised the importance of developing entrepreneurship and small businesses (O'Neill & Viljoen, 2001: 37). According to Maas and Herrington (2006: 39), over the last few years, the government of South Africa has undertaken a range of initiatives e.g. SAWEN (South African Women Entrepreneurs Network) SAWIMA (South African Women in Mining), TWIB (Technology for Women in Business) all with the aim of advancing women's economic empowerment.

Maas and Herrington (2006: 39) indicate that according to Duncan, the Department of Trade and Industry (DTI) is also considering developing a set of incentives of women entrepreneurs, such as business incubation, training and the creation of a networking organization for women entrepreneurs and business people. The DTI also

has an initiative called Technology for Women in Business that focuses on women entrepreneurs at all levels of business to fast-track their skills development and enable the embrace appropriate technologies. In addition, O'Neill and Viljoen (2001: 40) indicate that in South Africa, Khula Enterprise Finance limited was established specifically to promote delivery of micro credit to rural women and the poor. Various science councils and organizations are partners in the initiative, offering training and mentorship programmes.

#### **2.4.6 Future research on women entrepreneurship**

*“Female entrepreneurship is an under researched with tremendous economic potential and one that requires special attention” (McClelland et al., 2005: 85)*

According to, Kuratko and Hodgetts (2001: 623), the study pointed out that women entrepreneur's personal value system affected the business strategy they pursue. These investigations called for more research in the area of women's value and then business strategy choices. In addition, future research on women entrepreneurship should focus on the headings below as there is still limited information on them. However, future research could use different sources for measuring financial knowledge and self-efficacy variables (Chondhury & Endres, 2005: 5).

Recent reviews of entrepreneurship research have suggested the need for more studies comparing high-growth firms with slower growth firms to better delineate their differences in strategic choices and behaviours (Gundry & Welsch 2001: 453). According to Ahi (2006: 595), several authors maintain that research on women entrepreneurs suffers from a numbers of short-comings. these include one sided empirical study focus (Greene et al., 2003), lack of theoretical grounding (Brush, 1992), the neglect of structural, historical and cultural factors (Chell & Braines, 1998, Nutek, 1996), the use of male gendered measurement (Moore 1990, Stevenson 1990), the absence of a power perspective and lack of explicit feminist analysis (Mirchandani,1999; Orghour, 2000; Reed 1996).

In addition, research should be undertaken to understand how different motivations impact any gender differences in the types of venture started (DeMartino & Barbato, 2006: 816). Bruin *et al.* (2007: 344) suggested that there is a need for research on multiple levels, involving multiple units' analysis such as entrepreneur as distinctive from the firm. Gundi and Welsch (2001: 457) indicate that there is lack of empirical work on entrepreneurial motivation particularly in the stages beyond start-up, which contribute to sustained entrepreneurship. Researchers may also consider examining growth orientation within a cultural context. Furthermore, Learner *et al.* (1997: 317) indicate that the extent to which individual factors such as business skills, motivations, previous industry experience and network affiliation affect performance needs to be further investigated in future.

Stevenson (1990: 444) suggests a list of specific research topics which includes: influence on the start-up rate of women, impact of women entrepreneurs in economic development, women in home-based businesses and how women compromise the business and personal aspects of their lives.

#### **2.4.7 Conclusion**

Women are increasingly important as members of entrepreneurial family. This group of entrepreneurial family is influenced by both pull and push family to become important members. However, even if women are motivated by pull and push factors, they still encounter gender-related discrimination when performing entrepreneurial activities. The most frequently cited pull factors of women entrepreneurs include:

- Need for dependence.
- Self fulfilment.
- Significant economic rewards.
- High job security.
- Potential for experiencing challenging opportunities.

In contrast, the most cited push factors of women entrepreneurs include:

- Insufficient family income.
- Dissatisfaction with salaried jobs.
- Difficulty in finding the job.
- Frustration and boredom in their previous jobs.

The most cited barriers by several authors include:

- Inequality of access to credit.
- Dual role conflict.
- Socio-cultural discrimination.
- Lack of business management.
- Training and experience.
- Isolation from business network.
- Laws and regulations.

The least cited barriers include:

- Risk averse.
- Developing management styles.
- Negative self perceptions.
- Lack of timely information.
- Lack of self confidence.
- Lack of female role models.

Some Governments and nongovernmental organisations around the world are creating and implementing projects to encourage women entrepreneurs by alleviating some of the factors which inhibit women entrepreneurial activities. These organisations are few and in other parts of the world, women entrepreneurs still experience difficulties in performing their entrepreneurial activities mainly because there is limited research on women entrepreneurship. There are still more topics on

women entrepreneurship which need to be researched further. Further research on women entrepreneurship will also help policy makers to adopt policies which encourage and support women entrepreneurship.

## **CHAPTER 3**

### **RESULTS AND DISCUSSION OF THE EMPIRICAL STUDY**

#### **3.1 INTRODUCTION**

The purpose of the empirical study is to align both primary and secondary objectives in chapter one, section 1.4. This study is exploratory in nature. It is based on a group of 54 women entrepreneurs in the three southern districts of Lesotho namely, Maseru, Mafeteng and Mohale's Hoek. The empirical research was done by means of surveying using structured questionnaire as the main research instrument.

This chapter deals with information pertaining the discussion of the results. These include various aspects of the dynamics of women entrepreneurs in Lesotho namely; bibliographical information, the structure of the participating women-owned businesses, motivations for founding their respective businesses, the obstacles faced by women entrepreneurs and the development of women entrepreneurs.

#### **3.2 RESULTS AND DISCUSSION**

This analysis employed descriptive statistics. The purpose of the graphical presentation of the results is to display data accurately and clearly. When dealing with categorical data, first the observations are tallied into summary tables and then they are displayed graphically as bar charts and pie charts (Levine, Stephan, Krehbiel & Berenson 2005: 69). The first part of the analysis provides one-way tabulation, bar charts and pie charts. One-way tabulation identifies the actual number of respondents who did not answer various questions on the questionnaire and bar charts are excellent tools to depict both absolute and relative magnitudes, differences and change (Hair, Bush & Ortinau 2006: 492). In addition, Hair *et al.* (2006: 509) indicate that pie charts are excellent for displaying relative proportions.

Variables were, firstly divided into the biographical information of women entrepreneurs. The second part deals with the structure of the participating women-owned businesses. These results are presented in tables, graphs and pie charts.

The third part of the analysis deals with the motivation into self-employment using gross tabulation. The fourth part deals with the obstacles faced by women entrepreneurs also using gross tabulation, and the last part of the analysis deals with the development of women entrepreneurs using one-way tabulation and pie charts.

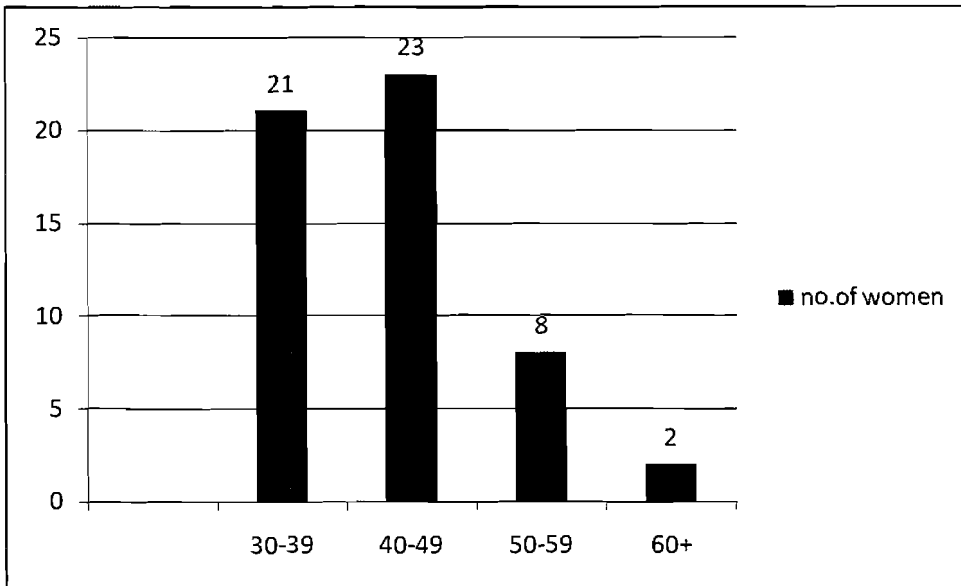
### **3.2.1 Biographical information of participating women entrepreneurs**

The biographical information include the age group classification, marital status, highest academic qualification, number of children that they have, exposure to entrepreneurial role models, the past experience of entrepreneurs before start-up and the number of years self-employed. Refer to Appendix 1.

#### **3.2.1.1 Age group**

This question was included to establish the age group distribution of women entrepreneurs. The question was set-up in the manner that respondents were requested to indicate their age group into one out of six predetermined age group classifications. The results are presented in figure 3.1 and 3.2.

**Figure 3.1: Age group classification of women entrepreneurs**



**Figure 3.2: Age group classification of women entrepreneurs**

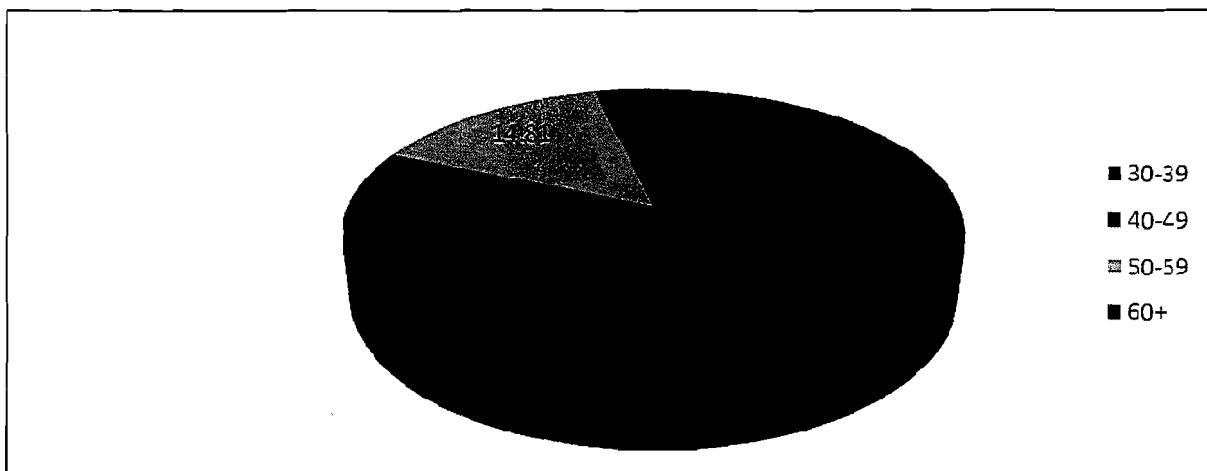


Figure 3.1 and 3.2 indicate that the age group category with the highest number of women is 40 to 49 years, representing 23 (42.59%) of the total number of women entrepreneurs that participated in this study. A total of 21 (38.89%) women entrepreneurs fall within the 30 to 39 age group, 8 (14.81%) fall within the 50 to 59 age category and only 2 (3.7%) are older than 60 years. None of the participating women entrepreneurs are younger than 30 years old.

### 3.2.1.2 Marital status

Marital status was included in the analysis as it represents one of the most important bibliographical characteristics of women entrepreneurs. The results are presented in table 3.1 below.

**Table 3.1: Marital status of women entrepreneurs**

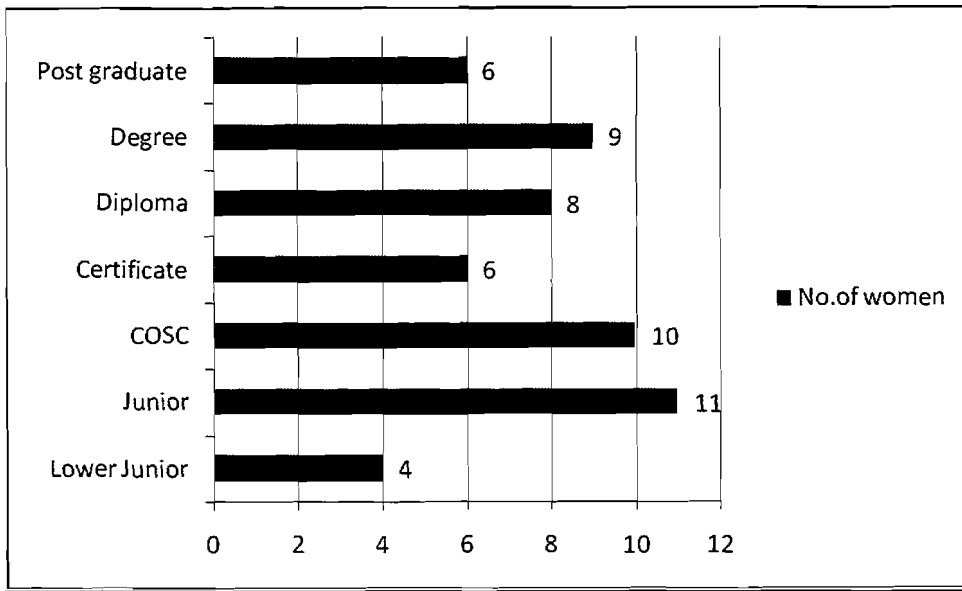
<b>Marital status</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Single	4	7.41
Married	37	68.52
Divorced	2	3.70
Widow	10	18.52
Missing	1	1.86
<b>Total</b>	<b>54</b>	<b>100</b>

Table 3.1 indicates that 37 women entrepreneurs are married, representing 68.52% of the total women entrepreneurs. This is followed by 10 widows (18.52%) and four (7.41%) single. The least represented status is divorced women entrepreneur representing only 3.7%. One women entrepreneur did not indicate her marital status representing 1.86% of the total respondents.

### 3.2.1.3 Highest academic qualifications

To identify the characteristics of women entrepreneurs, the highest academic qualification achieved by the entrepreneurs was explored as presented in figure 3.3 and 3.4 below.

**Figure 3.3: Highest academic qualification of women entrepreneurs**



**Figure 3.4: Highest academic qualification of women entrepreneurs**

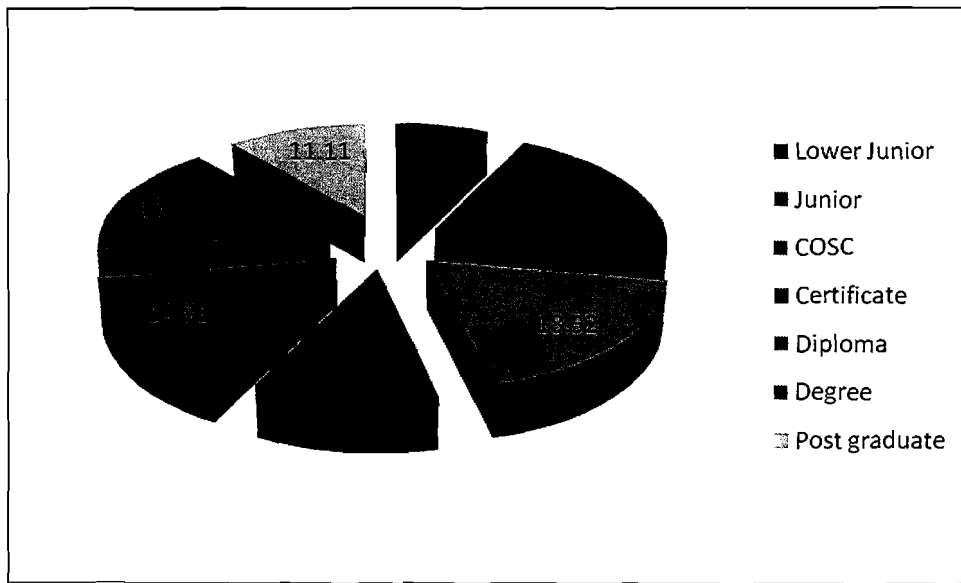


Figure 3.3 and 3.4 above, indicate that the highest academic qualifications that most women entrepreneurs have is lower than a junior certificate (JC) with 20.37%, which is represented by 11 women entrepreneurs. This is followed by COSC which comprises 10 (18.52%) women entrepreneurs. The number of women entrepreneurs

having degree is nine, representing 16.67% of the total respondents. The number of women entrepreneurship having a diploma is eight (14.81%) and a certificate and post graduate diploma is six each representing 11.11%. Only four (7.41%) women entrepreneurs has qualifications lower than JC.

### 3.2.1.4 Number of children

The number of children that women entrepreneurs have was included in the analysis. The number of children that respondents have is depicted in the pie chart in figure 3.5 below.

**Figure 3.5: Number of children of women entrepreneurs**

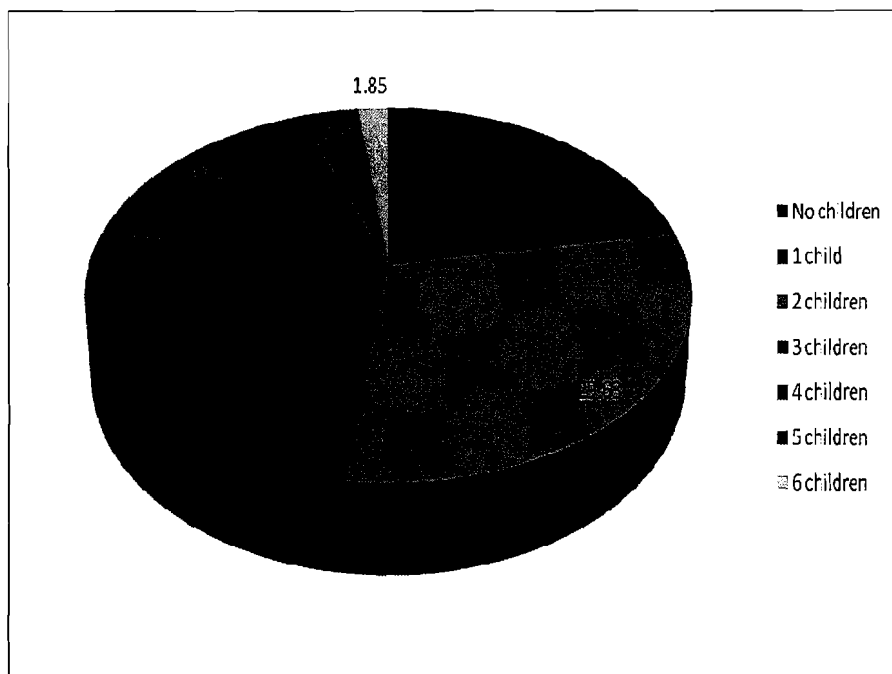


Figure 3.5 above depicts that the percentage of women entrepreneurs having no children is 3.70%. A total of 18.52% of women entrepreneurs have one child whereas 29.63% two children, followed by 25.93% having three children. Only 16.67% and 3.70% women entrepreneurs have four and five children respectively. The least percentage (1.85) of women entrepreneurs is having six or more children.

### 3.2.1.5 Exposure to role models

It is imperative to determine whether women entrepreneurs had business or entrepreneurial role model exposure before they enter self employment. The results of the exposure to role models are presented in table 3.2 below.

**Table 3.2: Exposure to role models**

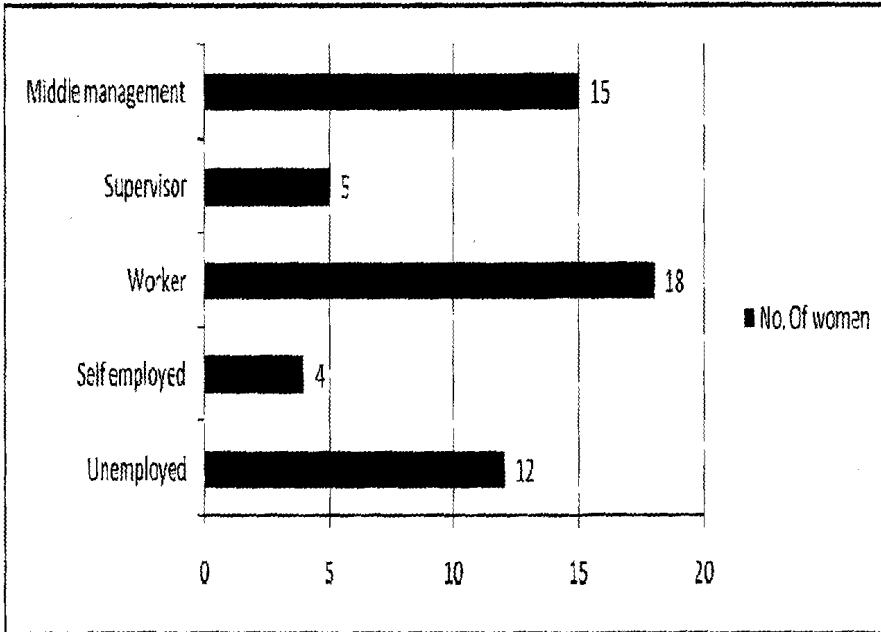
<b>Exposure to role models</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Yes	26	48.15
No	24	44.44
Missing	4	7.41
<b>Total</b>	<b>54</b>	<b>100</b>

Table 3.13 presents that 48.15% (26) of women entrepreneurs indicate that they were exposed to business or role models in their childhood, while 44.44% (24) indicate that they were not exposed to business or entrepreneurial role models in their childhood. However, 7.41% (4) did not indicate their exposure to business role models during their childhood.

### 3.2.1.6 Past experience before self-employed

The past experience of women entrepreneur was also investigated and is displayed in figure 3.6 and 3.7 below.

**Figure 3.6: Past experience of women entrepreneurs**



**Figure 3.7: Past experience of women entrepreneurs**

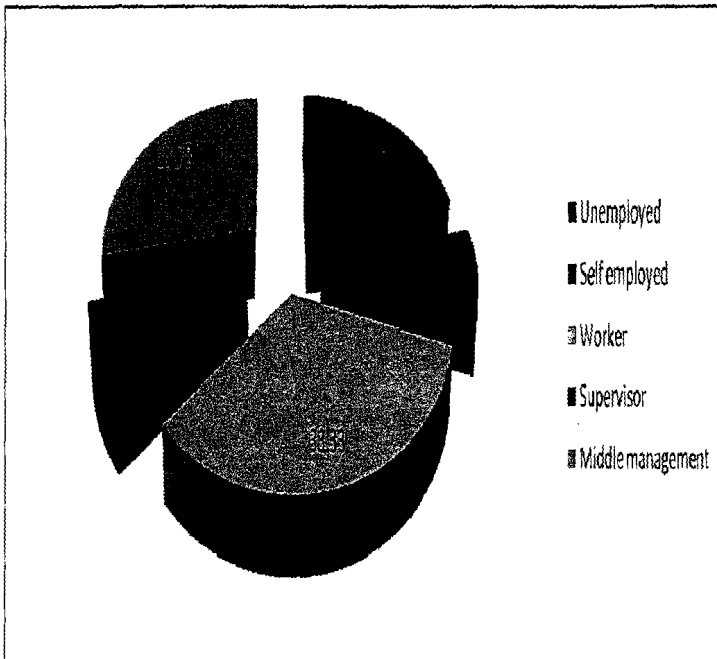


Figure 3.6 and 3.7 indicate that the highest number of women were just workers (18; 33.33%) before entering self-employment, followed by 15 (27.78%) which were middle managers. These are then followed by 12 (22.22%) women entrepreneurs which were not employed, supervisors (9.26%) and self-employed (7.41%) respectively.

### 3.2.1.7 Number of years self-employed

The number of years self-employed was included in the analysis as presented in figure 3.8 and 3.9 below.

**Figure 3.8: Number of years self-employed**

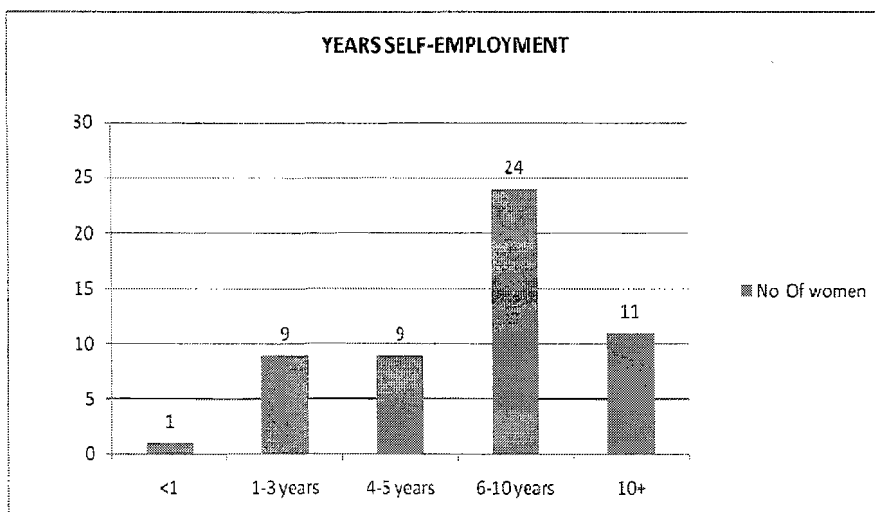


Figure 3.8 indicate that only 1.85% (1) of the women entrepreneurs is less than one year self-employed. A total of 16.67% (9) women entrepreneurs are one to three years and four to five years in self-employed respectively. In addition, 44.44% (24) of women entrepreneurs are allready six to 10 years self-employed. Furthermore, 20.37% (11) women entrepreneurs are more than 10 years self-employed.

### 3.2.2 Structure of participating businesses

The structure of the participating family business is very important in the analysis of any business. These include: the business location, the age of the business, path to business ownership, source of start-up funding, type of bank account, number of years to business break- even, business industry, the location of the business premises, business annual turnover and the value of the capital assets of the business. Refer to Appendix 1 for a detailed outlay of the questionnaire.

#### 3.2.2.1 Business location

The location of the business is one of the most important characteristics of the business; as a result it was included in the analysis. The results of the analysis are presented in table 3.3. below.

**Table 3.3: Business location of participating businesses**

<b>Business location</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Maseru urban	14	25.93
Maseru rural	10	18.52
Mafeteng urban	8	14.81
Mafeteng rural	3	5.56
Mohale's Hoek urban	16	29.63
Mohale's Hoek rural	3	5.55
<b>Total</b>	<b>54</b>	<b>100</b>

Table 3.3 presents that 14 women entrepreneurs indicated that their businesses are located in the Maseru urban area representing 25.93%, while 10 (18.52%) businesses are located in Maseru rural. Eight (14.81%) businesses are located in Mafeteng urban, while three (5.56%) are located in the Mafeteng rural area. A total of 16 (29.63%) women entrepreneurs' businesses are located in Mohale's Hoek urban, while only three (5.55%) are located in the Mohale's hoek rural area.

### 3.2.2.2 Age of the business

The age of business in years was included to determine the sustainability of the participating businesses and the results are presented in table 3.4 below.

**Table 3.4: Age of the participating businesses**

<b>Age of business</b>	<b>Frequency</b>	<b>Percentage (%)</b>
1 to 5 years old	15	27.77
6 to 10 years old	16	29.63
11 to 20	10	18.52
25 years old	1	1.85
Missing	12	22.23
<b>Total</b>	<b>54</b>	<b>100</b>

Table 3.4 indicates that a total of 15 (27.78%) of the participating businesses are five years and less in existence, while 16 (29.63%) and 10 (18.52%) are between 6 to 10 years and 11 to 20 years old respectively. Only one business (1.85%) is 25 years old. A total of 12 (22.23% women entrepreneurs did not indicate the age of their respective businesses.

### 3.2.2.3 Path to business ownership

The path to business ownership was also an important characteristic of the participating businesses. The results of the analysis are presented in table 3.5 below.

**Table 3.5: Path to business ownership**

<b>Path to business ownership</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Founded	44	81.48
Purchased	1	1.86

Join family business	2	3.7
Inherited from family	5	9.26
Missing	2	3.7
<b>Total</b>	<b>54</b>	<b>100</b>

Table 3.5 indicate that the majority of the women entrepreneurs founded their respective businesses (44; 81.48%). One (1.86%), 2 (3.7%) and 5 (9.26%) of the participating women entrepreneurs either purchased the business, joined the family business or inherited the business from the family respectively. However, two (3.7%) women entrepreneurs do not indicate their path to business ownership.

#### 3.2.2.4 Source of start-up funding

The source of start-up was also investigated and the results are presented in table 3.6 and figure 3.9.

**Table 3.6: Source of start-up funding**

Source of start-up funding	Frequency
Personal savings	30
Relatives	4
Household/spouse	5
Bank loan	8
Other	4
Missing	3

<b>Total</b>	<b>54</b>
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**Figure 3.9: Source of start-up funding**

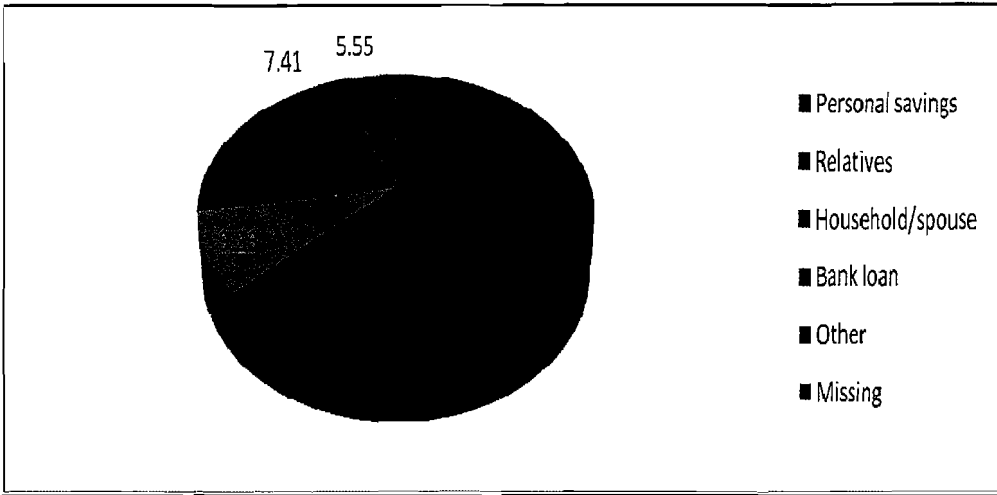


Table 3.6 and figure 3.9 present that 30 (55.56%) women entrepreneurs used personal savings to start up their respective business. This is followed by eight (14.81%) women who used a bank loan, while five (9.26%) women entrepreneurs used household funding or funding from their spoused to start the business. In addition, four (7.41) made use of funding from relatives or other methods of funding. Three (5.55%) women entrepreneurs do not indicate their source of start-up funding.

**3.2.2.5 Type of bank account**

The results of the type of bank account that the women entrepreneurs utilise to manage the finances of their respective businesses are presented in table 3.7 below.

**Table 3.7: Type of bank account**

Type of bank account	Frequency	Percentage (%)
Savings	26	48.15
Current	23	42.69
Missing	5	9.26
<b>Total</b>	<b>54</b>	<b>100</b>

Table 3.7 indicates that 26 (48.15%) women entrepreneurs utilise savings accounts and 23 (42.69%) have a current account. A total of five (9.26%) entrepreneurs did not indicate the type of bank account.

### 3.2.2.6 Years to business break-even

The number of years to break-even is a good indicator of the potential of the business and the results are presented in table 3.8.

**Table 3.8: Years to break-even**

Years to break-even	Frequency	Percentage (%)
<1	12	22.22
2-3 years	26	48.15
4-5 years	12	22.22
5+	4	7.41
<b>Total</b>	<b>54</b>	<b>100</b>

Table 3.8 shows that 12 (22.22%) women entrepreneurs indicated that their business reached break-even within a one year period, while 26 (48.15%) indicated that their business reached break-even in two to three years. The other entrepreneurs (12; 22.22%) indicated that their businesses reached break-even between four to five years after start-up. Only four (7.41%) women entrepreneurs indicated that their enterprises businesses took five and more years to reached break-even.

### 3.2.2.6 Legal status

The legal status or form of business ownership is among the most important characteristics of the business. This was also included in the analysis and the results are presented in table 3.9 below.

**Table 3.9: Legal status of participating businesses**

Legal status	Frequency	Percentage (%)
Sole proprietor	45	83.34
Partnership	2	3.70
Close corporation	5	9.26
Private company	2	3.70
<b>Total</b>	<b>54</b>	<b>100</b>

Table 3.9 indicates that 83.34% (45) of women-owned businesses operate as sole proprietors while 3.70 % (2) are operating as partnerships. These are followed by 9.26 % (5) of women entrepreneurs operating their businesses as close corporations and only 3.7% (2) as private companies.

### 3.2.2.7 Business industry

The industry in which the women-owned businesses operate are presented in table 3.10 and figure 3.10.

**Table 3.10: Business industry**

Industry	Frequency
Retail	12
Wholesale	2
Manufacturing	8
Transport	1
Accommodation	2
Agriculture	13
Services	3
Specify type	10
Other	2
Missing	1
<b>Total</b>	<b>54</b>

**Figure 3.10: Business industry**

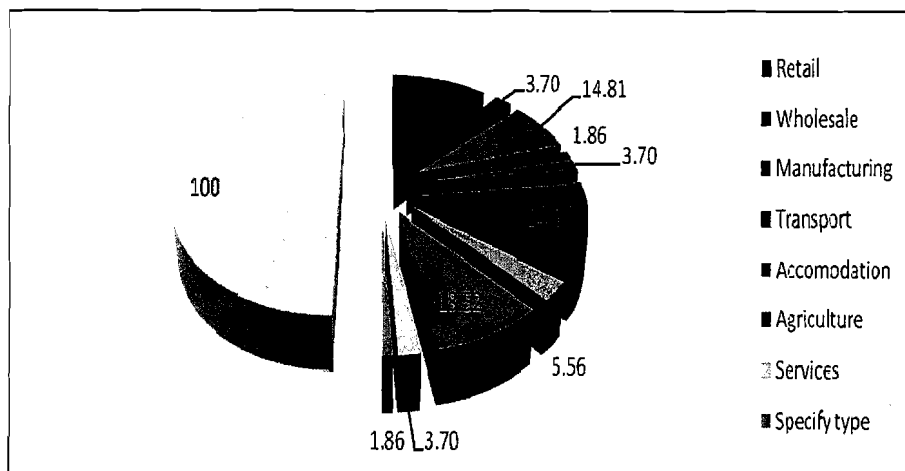


Table 3.10 and figure 3.10 present that 12 (22.22%) women entrepreneurs indicated that their businesses operate in the retail industry, while two (3.70%) are wholesalers and eight (14.81%) are manufacturing businesses. Only one (1.86%) women entrepreneur operates in the transport industry, while two (3.70%) has business offering accomodation and other types of industry each. In addition, 13 (24.07%) women-owned businesses operate in the agriculture industry while three (5.56%) fall into the service industry category. A total of 10 women entrepreneurs specified other industries and one (1.86%) women entrepreneur did not indicate the industry in which her business operates.

### 3.2.2.8 Location of business premises

The results of the location of the business premises are presented in table 3.11 and figure 3.11 below.

**Table 3.11: Business location**

Location of business premises	Frequency
Home based	23
CBD	22
Industrial area	3
Other	2
Missing	4
<b>Total</b>	<b>54</b>

**Figure 3.11: Business location**

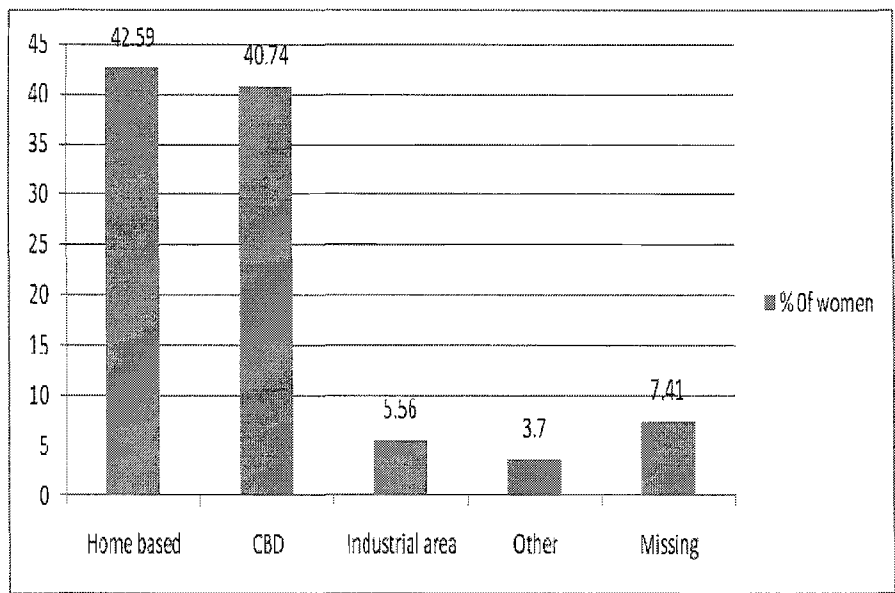


Table 3.11 and figure 3.11 show that 23 (42.59%) of the participating businesses are home-based while 22 (40.74%) are located in CBDs. Businesses located in industrial areas and other premises are three (5.56%) and two (3.70%) respectively. However, four (7.41%) women entrepreneurs did not indicate the location of their businesses.

**3.2.2.9 Business annual turnover**

The results of the business annual turnover are presented in table 3.12.

**Table 3.12: Business annual turnover**

Turnover	Frequency	Percentage (%)
M0-M150,000	30	55.56
M150,001-M250,000	8	14.81
M250,001-M500,000	4	7.41
M500,000-M1 m	5	9.26
M1m-M5 m	1	1.85
Missing	6	11.11
<b>Total</b>	<b>54</b>	<b>100</b>

Table 3.11 presents that 30 (55.56%) of the businesses have an annual turnover of between zero and M150 000, eight (14.81%) between M150 001 to M250 000, five (9.26%) between M250 001 to M500 000 and four (7.41%) between M500 001 and one million maloti. Only one (1.85%) women entrepreneur indicates that her business turnover is between one million and five million maloti. However, six (11.11%) women entrepreneurs did not indicate the annual turnover of their respective businesses.

### 3.2.2.10 Value of capital assets

The value of the capital assets of the participating women-owned businesses are presented in table 3.13.

**Table 3.13: Value of capital assets of participating businesses**

Capital assets	Frequency	Percentage (%)
M0-M150,000	23	42.59
M150,001-M250,000	13	24.07

M250,001-M500,000	4	7.41
M500,000-M1 m	3	5.56
M1m-M5 m	4	7.41
Missing	7	12.96
<b>Total</b>	<b>54</b>	<b>100</b>

Table 3.13 show that the capital assets of 40 (74.07%) of the participating businesses are valued less than M500 000 maloti while three (5.56%) women entrepreneurs indicated that their businesses capital assets are valued between M500 000 and one million maloti. Seven (12.96%) women entrepreneurs did not indicate the value of the capital assets of their respective businesses.

### **3.2.2.11 Number of permanent employees**

To number of permanent employees of a businesses is a good indication of the relative size of the business. The results of the number of permanent employees in the participating are presented in table 3.14 below.

**Table 3.14: Number of permanent employees**

<b>Number of employees</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Myself	12	22.22
2 to 4	14	25.93
10 to 12	17	31.48
11 to 25	4	7.41
51 to 100	1	1.85
Missing	6	11.11
<b>Total</b>	<b>54</b>	<b>100</b>

Table 3.14 indicates that 22.22% (12) of women enterprises has only the owner as the sole employee, while 25.93 % (14) of the businesses employed between two to four people. A total of 26 (48.15%) of all the participating businesses can thus be classified as micro businesses. A total of 21 (38.89%) of the businesses can be classified as small businesses (6-50 employees). Only one (1.85%) of the businesses can be classified as a medium-sized business. A total of 11.11% (6) of the women entrepreneurs did not indicate the number of people that they employed in their respective businesses.

### **3.2.3 Motivational factors to self-employment**

This section in the questionnaire (refer to Appendix 1) assessed the factors that motivated the women entrepreneurs to found their respective businesses. The results of this assessment are presented in table 3.15.

**Table 3.15: Motivation to self-employment**

Motivation	Frequency	Percentage (%)
Need for independence	45	83.33
Need for flexible schedules	31	57.41
Develop hobby	6	11.11
Need for a challenge	18	33.33
Social status (personal achievement, to be recognised in the community)	12	22.22
Role models and other people's influence(friends and family members)	12	22.22
Redundancy (lost your job, retrenchment)	9	16.67
Difficulty in finding a job	7	12.96
Dissatisfaction with salaried jobs ( job/career frustration)	18	33.33
Insufficient family income (need to supplement family income)	12	22.22
Brings high income (desire for health	10	18.52
Ensure high job security	9	16.67
Entered the family business	2	3.7
Family tradition	1	1.9

Table 3.15 indicates that a total of 45 (83.33%) of the businesses were established because the women entrepreneurs needed independence. This is followed by 31 (57.41%) women entrepreneurs who were motivated by the need for flexible schedules.

The need for a challenge and dissatisfaction with their salaried jobs motivated 18 (33.33%) of the women entrepreneurs respectively. Social status, role models and the influences of other people including friends and family members, and insufficient family income, motivated 12 (22.22%) women entrepreneurs. In addition, the desire for wealth motivated only 10 (18.52%) women entrepreneurs. A total of nine (16.67%) entrepreneurs indicated that they were motivated by high job security and redundancy. Only 12.96% (7) women entrepreneurs were motivated by the difficulty

in finding a job and 11.11% (6) were motivated by the further development and expansion of their hobby.

The last motivators include the options of family tradition and joining or inheritance of the family business (1.9% (1) and 3.7% (2) respectively).

### 3.2.4 Obstacles facing women entrepreneurs

To explore the obstacles affecting entrepreneurial activities is very crucial in the operation and establishment of women enterprises (Refer to Appendix 1). The obstacles that affect women entrepreneurs in performing entrepreneurial activities are assessed in this study and are presented in table 3.16 below.

**Table 3.16: Obstacles facing participating women entrepreneurs**

Obstacles	Frequency	Percentage (%)
Lack of business management skills	37	68.52
Lack of education and training	35	64.81
Inter-role conflict	25	46.3
Inequality of access to credit	14	25.93
Inhibiting laws and regulations	8	14.81
Family pressures	6	11.11
Lack of self-confidence	9	16.67
Risk adverse (great fear of failure)	19	35.19
Socio-cultural environment	3	5.56
Isolation from business network	6	11.11
Lack of female role models	19	35.19
Lack of timely business information	19	35.19
Pressure of childcare	18	33.33

Table 3.16 shows that 68.52% representing 37 women entrepreneurs indicated that they lack business management skills while 64.81% (35) lack education and training.

A total of 46.3% (25) women facing the problem of inter-role conflict. A total of 19 women entrepreneurs are inhibited by a lack of timely information, a lack of role models and are highly risk averse representing 35.19% respectively.

Eighteen (33.33%) women entrepreneurs indicating the pressure of child care as an inhibitor. The inequality of access to credit is indicated by 14 (25.93%) women entrepreneurs, while nine (16.67%) women entrepreneurs lack self confidence in performing their entrepreneurial activities.

Furthermore, 14.81% (8) women entrepreneurs are, according to their perceptions, inhibited by laws and regulations. Family pressure and the isolation from business networks are problems faced by 11.11% (6) women entrepreneurs respectively. The last problem encountered by 5.5% (3) of the participating women entrepreneurs is the negative influences of the socio-cultural environment.

### **3.2.5 Development needs of women entrepreneurs in Lesotho**

The development needs of women entrepreneurs include training offered by either government agencies or the private sector. Entrepreneurial training is crucial in the development of women entrepreneurs and the type of training needed was also assessed. Refer to Appendix 1 for a presentation of the questionnaire.

#### **3.2.5.1 Training by either government agencies or the private sector**

To determine the current situation, women entrepreneurs were asked to indicate whether they have been trained by either government agencies or the private sector. The results of the analysis are presented in table 3.17 and figure 3.12 below.

**Table 3.17: Knowledge of government or private sector organisations developing women entrepreneurs**

Knowledge of organisations	Frequency
Yes	13
No	31
Missing	10
<b>Total</b>	<b>54</b>

**Figure 3.12: Knowledge of government or private sector organisations developing women entrepreneurs**

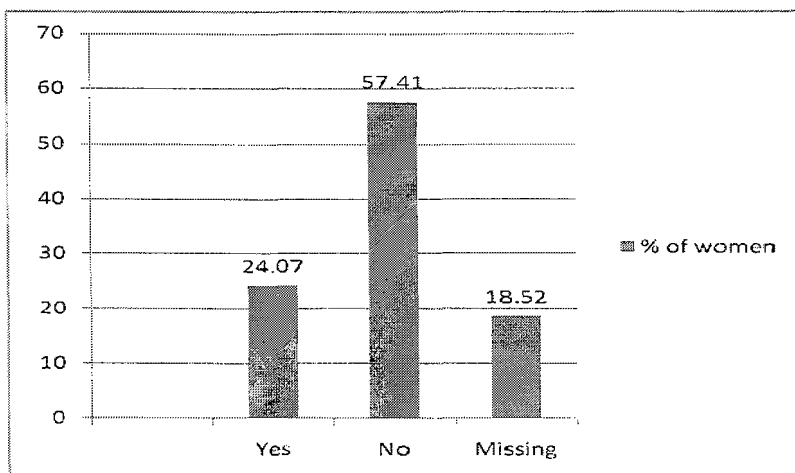


Table 3.17 and figure 3.12 present that only 13 (24.07%) of the participating women entrepreneurs indicated that they had been trained by either government agencies or the private sector. A Total of 31 (57.41%) indicated that they had never been trained by government agencies or the private sector. However, 10 (18.52%) did not answer this question.

### 3.2.5.2 Training received

The training received is part of entrepreneurship development, as a result it was included in the analysis. The results of the analysis are presented in table 3.18 below.

**Table 3.18: Type of training received by participating women entrepreneurs**

Type of training received	Frequency	Percentage (%)
Technical skills	11	84.62
Communication skills	9	69.23
Accounting skills	9	69.23
Management skills	13	100
Technological skills	4	30.77

Table 3.18 presents that out of 13 women entrepreneurs, who have been trained by government agencies or the private sector, 11 (84.62%) received training in technical skills, while nine (69.23%) received training in communication skills. In addition, the other nine (69.23%) women entrepreneurs received training in accounting skills. Furthermore, 13 (100%) received communication skills training while four (30.77%) received technological skills training.

### 3.2.5.3 Organisations established for women development

In developing women entrepreneurship both the government and the private sector should be committed to take action to actively develop women entrepreneurs. It is important to understand whether women entrepreneurs have knowledge about organisations specifically established for women entrepreneurship development.

The knowledge of organisations established specifically to support the women entrepreneur is very crucial in the development of women entrepreneurship and the results of this section are presented in table 3.19 and figure 3.13 below.

**Table 3.19: Knowledge of organisations for women entrepreneurial development**

Knowledge of women organisations	Frequency
Yes	8
No	38
Missing	8
<b>Total</b>	<b>54</b>

**Figure 3.13: Knowledge of organisations for women entrepreneurial development**

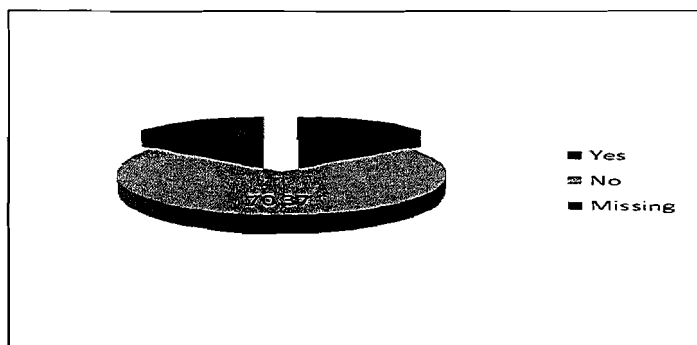


Table 3.19 and figure 3.13 indicate that out of 54 women entrepreneurs only eight has knowledge about organisations established specifically for women entrepreneurs, representing 14.81% while 70.37% (38) do not have knowledge about any of those organisations. Another eight (14.81) women do not indicate whether they have knowledge or not.

### Specific assistance offered by organisations

Knowledge about the support that women organisations offered to women entrepreneurs is important and the results of this question are presented in table 3.20.

**Table 3.20: Knowledge of assistance offered by women organisations**

Assistance offered	Frequency	Percentage (%)
Education and training	7	87.5
Provides financial assistance	4	50
Supports/enables networking with other W/E	7	87.5
Provides access/exposure to role models	5	62.5
Provides business information	4	50

Table 3.20 presents that out of 8 women entrepreneurs, who has knowledge about organisations for women entrepreneurs development, seven (87.5%) indicated that these organisations offer support in the form of education and training while four (50%) indicated that they provide financial assistance. Seven (87.5%) women entrepreneurs indicated that these organisations support and enables networking with other women entrepreneurs. In addition, five (62.5%) indicates that they provide access and exposure to role models. Furthermore, four (50%) women entrepreneurs indicated that they provide business information.

### Women entrepreneurial needs

The development needs of women entrepreneurs were also assessed and the results are presented in table 3.21. Refer to Appendix 1.

**Table 3.21: Specific needs of entrepreneurs**

Specific need	Frequency	Percentage (%)
Financial support	39	72.22
Training/knowledge/skill	42	77.78
Tools, equipment, machinery	34	62.96
Business advice, information, counselling	25	46.3
Marketing support	18	33.33
Suitable business premises	21	38.89
Technical support	10	18.52
Transport	6	11.11
Networking with other business owners	25	46.3
Infrastructure(roads, telephone, electricity)	9	16.67
Computer	13	24.07
Internet services	13	24.07

Table 3.21 shows that out of the 54 participating women entrepreneurs, 39 (72.22%) indicated that they need financial support to develop their businesses, while 42 (77.78) indicated that they need to acquire business knowledge, skills and training. A Total of 34 (62.96%) women entrepreneurs indicated that they need support in the form of tools, equipment and machinery and 25 (46.3%) need support in the form of business advice and information.

A total of 18 (33.33%) women entrepreneurs indicated that they need marketing support, while 21(38.89%) indicated that they need support in the form of suitable business premises. In addition, 10 (18.52%) indicated that they need technical support, while six (11.11%) need transport support. Networking with other business owners is needed by 25 (46.3%) women entrepreneurs. Furthermore, nine women entrepreneurs need support in the form of infrastructure while 13 (24.07%) need computer and internet services support.

### **3.3 SUMMARY**

The purpose of the empirical study is to align with the primary and secondary objectives of the study. In this study, the dynamics of women entrepreneurs in Lesotho were explored using a structured questionnaire. This study was aimed at small and medium-sized women-owned businesses. The dynamics of women entrepreneurs include the bibliographical and business structure information, the motivations of women in starting their businesses, obstacles faced by women entrepreneurs and the development of the women entrepreneur.

The majority of the participating women entrepreneurs are married, aged between 39 and 49 and having at least one child. These women have been in self-employment for more than five years and before entering self-employment, they were just ordinary working women.

The motivation of women entrepreneurs to be self-employed include the need for a challenge, the need for independence, the need for flexible schedules and the push factor, difficulty in finding a job.

The major obstacles faced by women entrepreneurs include the lack of business management experience and skills, lack of education and training, inter-role conflict, lack of timely business information, lack of female role models, the pressures from childcare, high risk averse and the inequality in the access to credit.

The gap in the development of women entrepreneurs was identified as the lack of women specific support organisations. Women indicated needs such as training and skills development, financial support and the access to tools, equipment and machinery as important to be successful and sustainable.

The conclusions of the empirical study and practical recommendations to stimulate women entrepreneurship will be discussed in the next chapter.

# **CHAPTER 4**

## **CONCLUSIONS AND RECOMMENDATIONS**

### **4.1 INTRODUCTION**

In this chapter the conclusions based on the empirical study, practical recommendations to support women entrepreneurs in Lesotho, the achievement of objectives and suggestions for further research will be discussed. Generalisation is used in concluding the results of women entrepreneurship in Lesotho. The conclusion is divided into four parts namely, demographic and business characteristics, motivation of women entrepreneurs, factors which inhibit entrepreneurial activities and entrepreneurial development.

### **4.2 CONCLUSIONS**

The conclusions based on the results of the empirical study are divided into the biographical information, the structure of the participating women-owned businesses, the motivation of women entrepreneurs in Lesotho to start their own businesses, obstacles and challenges facing women entrepreneurs in performing entrepreneurial activities and the development of women entrepreneurs.

#### **4.2.1 Biographical information**

The majority of the participating women entrepreneurs in this study are between 39 and 49 years. These women are married with one to three children. In relation to education, they have a junior certificate or a COSC qualification.

Half of the participating women entrepreneurs were exposed to entrepreneurial or business role models in their childhood. Most of the participating women entrepreneurs, furthermore, have been in self-employment for more than five years. The least number of the participating women entrepreneurs are less than five years

self-employed. Before engagement in self-employment, the majority of these women entrepreneurs were just ordinary workers in low levels of employment.

#### **4.2.2 Structure of participating women-owned businesses**

Most of the businesses owned by women entrepreneurs that participated in this study are sole proprietors in the retail and agriculture industry. They are found in Mafeteng, Maseru and Mohale's Hoek urban areas, are home-based or located in CBDs. Furthermore, these enterprises have been in operation for five and 10 years. This support the conclusion that most women entrepreneurs have been self-employed for five years or more. The businesses were founded by the owners and personal saving was used as the main source of start-up funding. This concurs with the findings of previous studies (Birley *et al.*, 1987; Hisrich & Peters, 1995). The participating businesses hold savings or current accounts and did reach break-even on average between two to three years after start-up.

In terms of turnover, the participating women-owned businesses have an annual turnover lower than M150 000 with the value of capital assets lower than M250 000 permanently employing just between two and four people. These confirms the results of previous researchers (Cliff, 1998; Welter, 2004) that found that women retain micro businesses. However, half were exposed to role models in their childhood.

#### **4.2.3 Motivation for Lesotho women entrepreneurs**

Women entrepreneurs in Lesotho are motivated by both pull and push factors. The most important motivators to found their respective businesses for the Lesotho women entrepreneurs that participated in this study were: need for independence; need for flexible schedules; need for a challenge; dissatisfaction with salaried jobs; need for social status; the influence of role models which include family and friends; and insufficient family income. The results of this study confirm the findings of previous researchers (McKay, 2000; Birley *et al.*, 1987; Ghosh & Cheruvalath, 2007; Hunter-Smith, 2006; DeMartino & Barbato, 2002; Lee-Gasline & Grise, 1990; Cartley & Hamilton, 1998).

The least important motivators for Lesotho women entrepreneurs include: desire for wealth; ensuring high job security; difficulty in finding a job; redundancy; developing a hobby; entering the family business; and as a result of family tradition.

#### **4.2.4 Obstacles facing women entrepreneurs in Lesotho**

The major problems facing the participating women entrepreneurs in Lesotho are: lack of business management skills; lack of education and training, inter-role conflict, risk adverse; lack of female role models; lack of timely business information; pressure of child care; and inequality in the access to credit.

Included a summary of the findings of previous research:

- **Inequality of access to credit** (Kuratko & Welsch, 1994; O'Neil & Viljoen, 2001; Hirsch & Oztirk, 1999; Breen *et al.*, 1995; Hirsch & Peters, 1989; Baeva, 2003; Watson, 2003; Abour & Biekpe, 2006; Bridge *et al.*, 2003; Bruni *et al.*, 2004; Welter, 2004).
- **Lack of business management skills and lack of education and training** (Mass & Herrington, 2006; Kuratko & Welsch, 1994; Birley *et al.*, 1987; Catley & Hamilton, 1998; Lee-Gossen & Grise, 1990; Welter, 2004; Katepa-Kalala, 1999).
- **Inter-role conflict and pressure from childcare** (Mazzarol *et al.*, 1999; Kuratko & Welsch, 1994; Coulter, 2003; Breen *et al.*, 1991; Cartley & Hamilton, 1998; Mallette & McGuinness, 1998).
- **Risk adverse** (Watson, 2003; Kuratko & Welsch, 1994; Cliff, 1998; Mallette & McGuinness, 1998).
- **Lack of female role models** (Matthews & Mosser, 1995; Mattis, 2004; Lee-Grise, 1990; Learner *et al.*, 1992).
- **Lack of timely business information** (Bruin *et al.*, 2005; Welter, 2004).

This means that women entrepreneurs in Lesotho are not different. They have similar challenges like other entrepreneurs world-wide to be successful entrepreneurs.

The least problems indicated by Lesotho women entrepreneurs are the following: inhibiting laws and regulations; family pressure; lack of self confidence; influence of the socio cultural environment; and isolation from business networks.

#### **4.2.5 Entrepreneurial development in Lesotho**

This study indicates clearly that women entrepreneurs in Lesotho lack knowledge about organisations specifically established for women entrepreneurs. It is, furthermore, a reality that there are insufficient organisations for women development in the country. This is, however, an international problem.

In addition, women entrepreneurs have specific needs such as training and skills development; financial support and access to tools, equipment and machinery.

### **4.3 RECOMMENDATIONS**

- In most cases, banks or other financial institutions, when granting credit, have the requirement that the potential lender business should have a current account. Most of women entrepreneurs only have savings account as a result they may be denied credit. It is thus recommended that women entrepreneurs in Lesotho should hold current accounts to minimise inequality in granting credit by the banks.
- It is recommended that more organisations should be established for the development of women entrepreneurs in Lesotho. These organisations could support them with training and development, financing the business and other support for their entrepreneurial development. Training and development could help women entrepreneurs with obtaining of management skills, including skills in preparing business plans and financial statements which could, furthermore, bridge the gap in the inequality in granting credit by the banks. In addition, awareness campaigns should be hold so that women entrepreneurs would have knowledge about those organisations with the result that they then could utilise their support and facilities.

- Government and non-governmental organisations in Lesotho should undertake a range of initiatives to develop women entrepreneurs in Lesotho. These should include the nature and dynamics of women entrepreneurship, the challenges of women in business and the utilisation of technology for women in business. Financial support institutions and various councils which may be partners in offering training and mentoring programmes should, furthermore, be implemented.
- The government should provide a free slot in national radio and television for women entrepreneurship training, education and networking with other women entrepreneurs.
- It seems that women entrepreneurs are not aware of the new development in the approval of Act no. 60 of 2006 which removes women from minority status. For instance, Banks still need demanding the husband's approval before granting credit. Government should monitor the implementation of that Act. In addition, women should be aware of the Act so that they would not allow such discrimination.
- Most women entrepreneurs have the pressure of childcare and experience work-home conflict. More crèches should be built to minimise this kind of obstacle.

#### **4.4 ACHIEVEMENT OF THE STUDY OBJECTIVES**

The measurement of success of this study is based upon the achievement of the primary and secondary objectives, as indicated in Section 1.4 of this study.

##### **4.4.1 Primary objective**

The primary objective of the study was to investigate small and medium-sized women entrepreneurs in Lesotho and to make practical recommendations to stimulate the growth and success of women entrepreneurs in the country.

The achievement of the primary objective was depended upon the realising the secondary objectives.

#### **4.4.2 Secondary objectives**

As indicated in Section 1.4, the secondary objectives had to be met to be able to achieve the primary objectives. The following secondary objectives were formulated:

- To define women entrepreneurship.
- To obtain insight into the dynamics of women entrepreneurship by means of a literature review.
- To develop a questionnaire to investigate women entrepreneurs in Lesotho.
- To assess women entrepreneurship in Lesotho based on the questionnaire.
- To suggest practical recommendations to enhance women entrepreneurship in Lesotho.

The first objective, to define women entrepreneurship, was achieved by defining entrepreneurship in section 2.2.2 in chapter 2 of this study.

The second secondary objective, to obtain insight into the dynamics of women entrepreneurship by means of a literature review, was achieved by means of the literature study presented in chapter 2.

The third objective, to develop a questionnaire to investigate women entrepreneurs in Lesotho based on a literature review, was also achieved by means of the literature study in chapter 2 and by constructing the questionnaire (Refer to Appendix 1).

The fourth objective was to assess women entrepreneurship in Lesotho based on the structured questionnaire. This objective was achieved by means of a detailed empirical research followed by a presentation thereof in chapter three, as well as conclusions made in chapter four.

The last secondary objective, to suggest practical recommendations to enhance women entrepreneurship in Lesotho in the Maseru, Mafeteng and Mohale's Hoek districts, was achieved by the presenting recommendations in Section 4.3 of this study.

The conclusion can be made that all of the secondary objectives were achieved. Based on the realising of the secondary objectives, as well as the recommendations put forward in Section 4.3, it can be concluded that the primary objective of this study was achieved.

## **4.5 RECOMMENDATIONS FOR FUTURE RESEARCH**

There is limited or no research on women entrepreneurship in Lesotho. In addition, data on entrepreneurship is not gender sensitive. This study suggests and recommends that there is a need for more research on women entrepreneurship in Lesotho. The following topics concerning women entrepreneurship in Lesotho need to be researched:

- Financing of women-owned businesses.
- Business strategies and choice.
- Women culture and entrepreneurship.
- Strategies for growth in women-owned enterprises.
- How different motivators for women entrepreneurs affect business performance.
- How government policies affect women entrepreneurial activities.
- Country-wide research on women entrepreneurship.
- The study of successful and unsuccessful women entrepreneurs.
- How does the level of education affect the performance of women entrepreneurs?

## **4.6 SUMMARY**

This section deals with conclusion, recommendations, achievement of research objectives and recommendations for future research. Conclusion was made concerning characteristics of women entrepreneurs, motivations, and obstacles and women entrepreneurs' development. Recommendations include that women entrepreneurs in Lesotho should hold current accounts to minimise inequality to credit as women entrepreneurs hold savings accounts. However, more organisations should be established specifically for to support women entrepreneurs. On the other

hand, objectives of the study were met using a valid research instrument. In addition, future research topics were suggested as among others, business strategies and choice, countrywide research on women entrepreneurship and financing of women-owned enterprises.

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# APPENDIX 1 –QUESTIONNAIRE

## LESOTHO WOMEM IN ENTREPRENEURSHIP

### PLEASE NOTE:

This questionnaire must only be completed by women entrepreneurs in Maseru, Mafeteng and Mohale's Hoek districts

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.

<b>A1</b>	<b>In which age group do you fall?</b>	≤ 19	20 - 29	30 - 39	40 - 49	50 - 59	60+
		(01)	(02)	(03)	(04)	(05)	(06)

<b>A2</b>	<b>What is your marital status?</b>	Single	Married	Divorced	Widowed	Living together
		(01)	(02)	(03)	(04)	(05)

<b>A3</b>	<b>Indicate your highest academic qualification.</b>	
	Lower than junior certificate	(01)
	Junior certificate	(02)
	Cambridge overseas certificate (COSC)	(03)
	Certificate	(04)
	Diploma (Technical College or Technicon)	(05)
	University degree	(06)
	Postgraduate degree	(07)

<b>A4</b>	<b>Indicate the number of children that you have.</b>	
	None	(01)
	One (1) child	(02)
	Two (2) children	(03)
	Three (3) children	(04)
	Four (4) children	(05)
	Five (5) children	(06)
	Six (6) children	(07)
	More than six (6) children. <b>Please specify.</b>	(08)

<b>A5</b>	<b>Indicate your past experience before self-employment (occupational background).</b>	
	Unemployed	(01)
	Self-employed (owned a business)	(02)
	Worker (administration, clerk, secretary, cashier)	(03)
	Supervisor (first-line management)	(04)
	Middle management	(05)
	Top (executive) management	(06)

A6	Indicate the number of years that you are self-employed.	
Less than one (1) year		(01)
1 –3 years		(02)
4 – 5 years		(03)
6 – 10 years		(04)
More than 10 years. Please specify:		(05)

## SECTION B: BUSINESS INFORMATION

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

<b>B1</b>	<b>Indicate the district where your business is situated.</b>		
	Maseru – urban	<input type="checkbox"/>	(01)
	Maseru – rural	<input type="checkbox"/>	(02)
	Mafeteng – urban	<input type="checkbox"/>	(03)
	Mafeteng – rural	<input type="checkbox"/>	(04)
	Mohale's Hoek – urban	<input type="checkbox"/>	(05)
	Mohale's Hoek – rural	<input type="checkbox"/>	(06)

<b>B2</b>	<b>What is the age of the business (years)?</b>
	<b>Please specify:</b>

<b>B3</b>	<b>Indicate your path to business ownership.</b>		
	Started (founded) the business	<input type="checkbox"/>	(01)
	Purchase the business	<input type="checkbox"/>	(02)
	Join the family business	<input type="checkbox"/>	(03)
	Inherited the business (from the family)	<input type="checkbox"/>	(04)
	Other: <b>(Please specify)</b>	<input type="checkbox"/>	(05)

<b>B4</b>	<b>Indicate your source of start-up funding.</b>		
	Personal savings	<input type="checkbox"/>	(01)
	Borrowed or gifted from relative or friend	<input type="checkbox"/>	(02)
	Household/spouse	<input type="checkbox"/>	(03)
	Sold previous business	<input type="checkbox"/>	(04)
	Bank loan	<input type="checkbox"/>	(05)
	Other: <b>(Please specify)</b>	<input type="checkbox"/>	(06)

<b>B5</b>	<b>Indicate the type of bank account (if any) that your have.</b>	
	Savings account	(01)
	Current account (Cheque)	(02)
	Credit card	(03)
	None (no bank account)	(04)
	Other: <b>(Please specify)</b>	(05)

<b>B6</b>	<b>Indicate how long it took the business to break-even.</b>	
	Less than one (1) year	(01)
	2 – 3 years	(02)
	4 – 5 years	(03)
	Over five (5) years	(04)

<b>B7</b>	<b>Indicate the legal status of your business (form of business ownership).</b>	
	Sole proprietorship	(01)
	Partnership	(02)
	Close corporation	(03)
	Private company	(04)
	Smart partnership	(05)
	Not registered	(06)
	Other: <b>(Please specify)</b>	(07)

<b>B8</b>	<b>In which industry does your business operate?</b>		
	Retail trade		(01)
	Wholesale trade		(02)
	Manufacturing		(03)
	Construction		(04)
	Transport/distribution		(05)
	Accommodation and restaurant (guest houses, hotel)		(06)
	Agriculture/forestry/fishing		(07)
	Services <b>(Please specify the type of service)</b>		(08)
	Other: <b>(Please specify)</b>		(09)

<b>B9</b>	<b>Indicate the business premises (from where does the business operates?).</b>		
	From home (home-based)		(01)
	Central business district (CBD)		(02)
	Industrial area		(03)
	Other: <b>(Please specify)</b>		(04)

<b>B10</b>	<b>How many permanent employees are employed by your business?</b>							
	Myself	2-4	5-10	11-25	26-50	51-100	101-200	200+
	(01)	(02)	(03)	(04)	(05)	(06)	(07)	(08)

<b>B11</b>	<b>Indicate the turnover (annual sales) that your business generates.</b>		
	M0 – M150 000		(01)
	M150 001 – M250 000		(02)
	M250 001 – M500 000		(03)
	M500 001 – M1 million		(04)
	M1 million – M5 million		(05)

<b>B12</b>	<b>Indicate the value of your capital assets.</b>		
	M0 – M150 000		(01)
	M150 001 – M250 000		(02)
	M250 001 – M500 000		(03)
	M500 001 – M1 million		(04)
	M1 million – M5 million		(05)

<b>B13</b>	<b>Did you have any exposure to business in your childhood? (i.e. parents, close family friend owned a business).</b>	<b>Yes</b> (01)	<b>No</b> (02)
	<b>If yes, who owned the business? (Please specify – i.e. father, mother, sibling, family friend, close friend.)</b>		

## SECTION C: MOTIVATIONAL FACTORS

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

<b>C1</b>	<b>Indicate your motivation for entering self-employment or to start your own business. (Choose one or more.)</b>	
	Need for independence (to be my own boss)	(01)
	Need for flexible work schedule	(02)
	Develop hobby	(03)
	Need for a challenge	(04)
	Social status (personal achievement, to be reckoned in the community)	(05)
	Role models and other people's influence (friends and family members)	(06)
	Redundancy (lost your job, retrenched)	(07)
	Difficulty in finding a job	(08)
	Dissatisfaction with salaried jobs (job/career frustration)	(09)
	Insufficient family income (need to supplement family income)	(10)
	Brings high income (desire for wealth)	(11)
	Ensure high job security	(12)
	Entered the family business	(13)
	Family tradition	(14)
	Other: <b>(Please specify)</b>	(15)

## SECTION D: OBSTACLES IN LESOTHO

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

<b>D1</b>	<b>Indicate the factors (obstacles) that inhibit the woman entrepreneur in Lesotho. (Choose one or more.)</b>	
	Lack of business management skills	(01)
	Lack of education and training (in general)	(02)
	Inter-role conflict (work/home conflict)	(03)
	Inequality of access to credit (difficult to obtain financing as a woman)	(04)
	Inhibiting laws and regulations (lower access to land, contractual rights- husband's consent or judge approval)	(05)
	Family pressures (gender-role expectations)	(06)
	Lack of self-confidence	(07)
	Risk averse (great fear of failure)	(08)
	Socio-cultural environment (lack of respect from male community and stereotype)	(09)
	Isolation from business network	(10)
	Lack of female role models	(11)
	Lack of timely business information	(12)
	Pressure of childcare	(13)
	<b>Other: (Please specify)</b>	

## SECTION E: DEVELOPMENT NEEDS OF ENTREPRENEURS

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

<b>E1</b>	<b>Have you ever been trained or developed by either a government agency or the private sector?</b>	<b>Yes (01)</b>	<b>No (02)</b>
(03)	<b>If yes, name the institution:</b>		
	<b>Indicate the type of training that you received.</b>		
	Technical skills (i.e. hand crafting)		(04)
	Communication skills		(05)
	Accounting skills		(06)
	Management skills		(07)
	Technological skills (computers)		(08)
	Other: <b>(Please specify)</b>		(09)

<b>E2</b>	<b>Do you know any organisation which is specifically established for women entrepreneurs?</b>	<b>Yes (01)</b>	<b>No (02)</b>
(03)	<b>If yes, what is the name of that organisation?</b>		
	<b>How does the organisation helps to develop women entrepreneurs in their activities? (Choose one or more.)</b>		
	Provides education and training		(04)
	Provides financial assistance		(05)
	Supports/enables networking with other women entrepreneurs		(06)
	Provides access/exposure to motivational speakers/role models		(07)
	Provides business information		(08)
	Other: <b>(Please specify)</b>		(09)

<b>E3</b>	<b>Indicate your specific needs. (Choose one or more.)</b>	
	Financial support (loans and advice/training to service the loan)	(01)
	Training/knowledge/skills	(02)
	Tools, equipment, machinery	(03)
	Business advice, information, counselling	(04)
	Marketing support	(05)
	Suitable business premises	(06)
	Technical support	(07)
	Transport	(08)
	Networking with other business owners	(09)
	Infrastructure (roads, telephone, electricity)	(10)
	Computer	(11)
	Internet services	(12)
	Other: <b>(Please specify)</b>	(13)

**THANK YOU FOR YOUR TIME.**

## APPENDIX 2

### SOUTH AFRICA SMALL BUSINESS ACT 1996, AMMENDED IN 2004

#### National Small Business Act.

The definitions of small business according to industry sector given in the table below, are based on the National Small Business Act No. 102, 27 November 1996. See also National Small Business Amendment Bill published in the Government Gazette on 27 March 2003. Downloadable pdf document.

Sector or sub sectors in accordance with the Standard Industrial Classification	Size or class	Total full-time equivalent of paid employees Less than	Total annual turnover Less than	Total gross asset value (fixed property excluded) Less than
Agriculture	Medium	120	R 4.00 m	R 4.00 m
	Small	50	R 2.00 m	R 2.00 m
	Very small	10	R 0.40 m	R 0.40 m
	Micro	5	R 0.15 m	R 0.10 m
Mining and Quarrying	Medium	200	R30.00 m	R18.00 m
	Small	50	R 7.50 m	R 4.50 m
	Very small	20	R 3.00 m	R 1.80 m
	Micro	5	R 0.15 m	R 0.10 m
Manufacturing	Medium	200	R40.00 m	R15.00 m
	Small	50	R10.00 m	R 3.75 m
	Very small	20	R 4.00 m	R 1.50 m
	Micro	5	R 0.15 m	R 0.10 m
Electricity, Gas and Water	Medium	200	R40.00 m	R15.00 m
	Small	50	R10.00 m	R 3.75 m
	Very small	20	R 4.00 m	R 1.50 m
	Micro	5	R 0.15 m	R 0.10 m
Construction	Medium	200	R20.00 m	R 4.00 m
	Small	50	R 5.00 m	R 1.00 m
	Very small	20	R 2.00 m	R 0.40 m
	Micro	5	R 0.15 m	R 0.10 m
Retail and Motor Trade and Repair Services	Medium	120	R30.00 m	R 5.00 m
	Small	50	R15.00 m	R 2.50 m
	Very small	10	R 3.00 m	R 0.50 m
	Micro	5	R 0.15 m	R 0.10 m
Wholesale Trade	Medium	120	R50.00 m	R 8.00 m
	Small	50	R25.00 m	R 4.00 m
	Very small	10	R 5.00 m	R 0.50 m
	Micro	5	R 0.15 m	R 0.10 m
Commercial Agents and Allied Services	Medium	120	R50.00 m	R 8.00 m
	Small	50	R25.00 m	R 4.00 m
	Very small	10	R 5.00 m	R 0.50 m
	Micro	5	R 0.15 m	R 0.10 m
Catering	Medium	120	R10.00 m	R 2.00 m
	Small	50	R 5.00 m	R 1.00 m
	Very small	10	R 1.00 m	R 0.20 m
	Micro	5	R 0.15 m	R 0.10 m

Transport	Medium	120	R20.00 m	R 5.00 m
	Small	50	R10.00 m	R 2.50 m
	Very small	10	R 2.00 m	R 0.50 m
	Micro	5	R 0.15 m	R 0.10 m
Storage	Medium	120	R20.00 m	R 5.00 m
	Small	50	R10.00 m	R 2.50 m
	Very small	10	R 2.00 m	R 0.50 m
	Micro	5	R 0.15 m	R 0.10 m
Communications	Medium	120	R20.00 m	R 5.00 m
	Small	50	R10.00 m	R 2.50 m
	Very small	10	R 2.00 m	R 0.50 m
	Micro	5	R 0.15 m	R 0.10 m
Finance	Medium	120	R20.00 m	R 4.00 m
	Small	50	R10.00 m	R 2.00 m
	Very small	10	R 2.00 m	R 0.40 m
	Micro	5	R 0.15 m	R 0.10 m
Business Services	Medium	120	R20.00 m	R 4.00 m
	Small	50	R10.00 m	R 2.00 m
	Very small	10	R 2.00 m	R 0.40 m
	Micro	5	R 0.15 m	R 0.10 m
Community	Medium	120	R10.00 m	R 5.00 m
	Small	50	R 5.00 m	R 2.50 m
	Very small	10	R 1.00 m	R 0.50 m
	Micro	5	R 0.15 m	R 0.10 m
Social and Personal Services	Medium	120	R10.00 m	R 5.00 m
	Small	50	R 5.00 m	R 2.50 m
	Very small	10	R 1.00 m	R 0.50 m
	Micro	5	R 0.15 m	R 0.10 m