

South African Women in Business and Management: Transformation in Progress

TIDINGS P. NDHLOVU

Department of Economics, Manchester Metropolitan University, Manchester, United Kingdom

ANITA SPRING

Department of Anthropology, University of Florida, Gainesville, Florida, USA

This study identifies three conceptual and theoretical frameworks (free market, social engineering, and social transformation) within which the significance of gender and race to entrepreneurship and business are examined, particularly within the South African context. There are no comprehensive data sets on ownership patterns by gender and race for salaried workers or the millions of micro- and small-scale entrepreneurs in the “second” (informal) economy during and after the apartheid era in South Africa, but most agree there has been little change. However, due to government compliance programs, such as Black Economic Empowerment in the 2000s, and good monitoring of its fulfillment, there have been advances for women and blacks in formal-sector private companies and state-owned enterprises, as illustrative data given here show. The conclusion is that the social transformation (political economy) approach best captures the complex interplay

We would like to thank Deputy Minister Elizabeth Thabethe (DTI), Dr. Zweli Mkhize (MEC for Finance and Economic Development KwaZulu-Natal), and Herbert Mkhize (Executive Director NEDLAC) for their unstinting support for this project. Comments from the following helped shape this paper: Rashid Ahmed and Judi Hudson (FinMark Trust); Abdul Bemath (Researcher, Financial Mail); Professor Ed Bbenkele (University of Johannesburg); Dr. Boris Urban (University of Witwatersrand); Jo’ Schwenke (Business Partners Ltd.); Shahida Cassim, Dr. Connie Israel and Professor Malome Khomo (University of KwaZulu-Natal); Dr. Penny Hawkins (Feasibility Pty Ltd.); Tebogo Khaas (The South Africa SMME Forum); Monique Labat (Trade Point South Africa Durban); Dr. Namane Magau (B & D Solutions); Nicky Newton-King (JSE); Professor Stella Nkomo (University of South Africa); Dr. Zavareh Rustumjee (MEC Projects); Monica Singer (Strate Ltd.); and Armarnath Singh (Financial Mail). Any remaining errors are the authors.

Address correspondence to Dr. Tidings P. Ndhlovu, Senior Lecturer in Economics, Department of Economics, Manchester Metropolitan University, Mabel Tylecote Building, Cavendish Street, Manchester, M15 6BG UK. E-mail: t.ndhlovu@mmu.ac.uk

of these factors, especially on gender issues and entrepreneurship, where fundamental social change becomes a possibility.

KEYWORDS *entrepreneurship, gender, social transformation, South Africa*

Despite the enactment of Black Economic Empowerment (BEE) in South Africa, the scholarly consensus is that the racial, gender, and class distribution of businesses does not differ significantly from that in the apartheid era (Department of Trade and Industry [DTI], 2006; Gouws, 2006; Mickelson, Nkomo, and Smith, 2006; Moleke, 2006). Quantifying this slow progress is difficult since there are few empirical studies that disaggregate entrepreneurs in terms of race and gender. The South African government, via the Broad-Based BEE Act of 2003 and other measures, has sought to redress this imbalance. Also, starting in 2005 under the tutelage of former Vice-President Phumzile Mlambo-Ngcuka, the Accelerated and Shared Growth Initiative for South Africa (ASGI-SA) envisaged greater involvement of women in business activities to enhance economic growth (envisioning 4.5% growth by 2010 and 6% growth by 2014). Recommendations were also drawn up by the DTI that included mainstreaming gender equality and establishing the South African Women Entrepreneurs Network (SAWEN) for this purpose. It was argued that, “Entrepreneurship lies at the heart of job creation, black economic empowerment and bringing the ‘second’ [informal] economy into the mainstream [formal] economy” (DTI, 2005, p. 5). In the private sector, the Business Women’s Association (BWA) transformed itself into a multiracial organization, with branch chapters throughout the country and with the current officers being from all South Africa’s racial groups. This article situates the discussion of entrepreneurship within the context of overarching conceptual and theoretical frameworks, teasing out central issues in three identified theoretical perspectives and presenting illustrative data on businesswomen in the formal sector.

Entrepreneurship can be described as (a) a special unique talent for coordinating consumption and production; (b) the act or process of starting new organizations, primarily new business ventures, in response to innovation and identified profitable opportunities in an atmosphere of uncertainty (*a la* Schumpeter’s [1934, p. 66; 1942, p. 83] concept of ‘creative destruction’); and (c) the process of accumulation in contemporary capitalism in which the capitalist class has control over economic surplus and profit, while the wage-earning class is economically dominated. This system generates increases in production but also has contradictions and crises, providing the opportunity for fundamental social change.

In this context, gendered divisions can be seen as (a) immaterial in the face of free markets; (b) a focus for reducing inequalities between men and

women; or (c) a social and cultural construct in different societies and over different historical periods. A subset of the latter is concerned with transformation towards agency and empowerment in relation to how macro-level governmental policies versus the private sector (free market) contribute to these changes. Thus, social change must also involve challenging male-gendered concepts of women's attributes in entrepreneurship while recognizing the contradictions in the system.

It is against this background that three theoretical perspectives are examined and some data are presented. The aim is to establish the extent to which these perspectives explain the progress of women in entrepreneurship in South Africa, with references made to women in corporate and state-owned enterprises (SOEs). The conclusions are drawn largely from secondary sources, such as the BWA Annual Census, although the authors also conducted their own limited surveys and interviews in South Africa during the period 2006–2008.

THEORETICAL AND CONCEPTUAL FRAMEWORKS

Free Markets

Several approaches have been put forward to explain entrepreneurship. According to the neoclassical perspective, rational individuals are endowed with intrinsic tastes and talents. They maximize their utility (personal welfare) to make choices between consumption patterns, while their talents ensure that they achieve their desires in productive economic activity. They arrive at optimizing decisions with such maximizing behavior being subject to budget constraints. Given specialization in commodity production, individuals play dual roles as consumers and producers in the market.

The decisions to consume and talents to produce are coordinated using a special talent, entrepreneurship, through which productive inputs are combined in order to fulfill the demands of consumers. The owners of the inputs receive a reward determined by the utility derived by consumers from the product, and in turn productive inputs (labor services . . . and capital services or postponed consumption) are supplied according to the reward offered, respectively wages and interest, with entrepreneurs receiving a profit for their central role." (Cole, Cameron, and Edwards, 2001, pp. 335–336)

It is "assumed that entrepreneurship is an equilibrium phenomenon," one in which participants in the market "are satisfied with the current combination of prices and quantities that are bought or sold . . . a pareto-optimal state in which no gains from trade exist" (Eckhardt and Shane, 2003, pp. 334–335). The price mechanism is able to allocate resources, thus enabling people and resources to move toward where there are higher

returns. The system has self-correcting properties that ensure a return to equilibrium (stability) after temporary disturbances (*ibid*, p. 335; Cameron and Ndhlovu, 2001; West, 2007). It then remains for the state to perform the benign role of ensuring that there is a competitive environment for individuals to enter into voluntary contracts, enabling that special talent—entrepreneurship—to flourish.

Put in the South African context, transition to democracy can be seen as providing a favorable atmosphere where black South Africans are presented with opportunities to participate “in business, education, sports and society at large” (Moleke, 2006, p. 203), according to their tastes and talents. The crucial ingredient is business skills (Leff, 1979). Educational institutions act as conduits for “economic growth and political stability by (a) building citizenship; (b) allocating, sorting, and selecting people for the workforce in meritocratic and rational ways; and (c) enhancing individual mobility” (Mickelson, Nkomo, and Smith, 2001, p. 3). The free market system thus leads to an efficient, equitable “Pareto Superiority” and stable equilibrium. As long as the state facilitates the participation of individuals in voluntary contracts and consumption and production are well connected via free, competitive markets, then inequality and poverty will gradually diminish (the trickle-down effect) (Cameron and Ndhlovu, 2001; Carbone and Lister, 2006):

According to this perspective, patriarchal and traditional norms will be undermined by market forces that rely on achievement, individualism, competition, and merit. Thus, development will lead to greater equality for women. The implications...are that as education and other forms of human capital are equalized, occupational and income stratification by gender and ethnicity will decline.” (Mickelson, Nkomo and Smith, 2001, p. 3)

Social Engineering

An alternative explanation for entrepreneurship focuses on production decisions, distribution of output, and the central role of the state in controlling the changing requirements of technology and reconciling conflicting interest groups. What a society produces and how it goes about doing it are dependent on the division of labor and the ability to control resources, although the distribution of output will be contested by vested and conflictual interests in society (Cameron and Ndhlovu, 1999, p. 2001; Cole, Cameron, and Edwards, 1991).

In this case, entrepreneurship is not only a special, intrinsic talent exercised in the marketplace but also a technologically and socially determined construct. It is associated with “characteristics and existence of entrepreneurial opportunities” (Eckhardt and Shane, 2003, p. 333; also see Ahl, 2006; Alvarez and Busenitz, 2001; Ireland, Hitt, and Sirmon, 2003; Morris, Avila, and Allen, 1993). Unlike the neoclassical perspective, prices are unable to

transmit “all the information necessary to make decisions about resource allocation . . . Only after entrepreneurs have engaged in organizing activities and market transactions that utilize the new technology successfully can prices incorporate such information” (Eckhardt and Shane, 2003, p. 335). Decisions are made in an atmosphere of uncertainty, one that also involves creative processes (Alvarez and Busenitz, 2001; Cameron and Ndhlovu, 1999).

Within the South African context, it can be argued that while the repeal of apartheid laws, enactment of equity legislation, and affirmative action (BEE) have led to some increase in black- and women-owned businesses, the continued skewed distribution of businesses in favor of white males is also explicable from historical and cultural factors (Mickelson, Nkomo, and Smith, 2001; Moleke, 2006; see Smith-Hunter, 2004, for the United States). The expansion of formal schooling seeks to readdress the social ills of the past but also serves to prevent conflict and maintain the legitimacy of the state.

A number of perspectives explain why women, particularly black women, continue to be underrepresented in business ownership in South Africa. The Women in Development (WID) approach sees women’s increased participation as the key to economic growth, by reducing inequalities between men and women (Carbone and Lister, 2006; Lister, 2006) and empowering women to have agency to achieve their goals (Kabeer, 1998; March et al., 1999). WID programs such as gender mainstreaming, higher education, and access to capital serve to bring women into the mainstream and create greater economic efficiency initially, and then to focus on women’s agency and empowerment in terms of labor and remuneration subsequently. WID approaches are adopted to tackle gender inequality via legal means and social reform. It is envisaged that equality between men and women is a possibility if there are adequate resources to support women-owned enterprises, if restrictions to entry are relaxed, and if gender stereotyping is addressed (Ahl, 2006).

“Pull” and “push” factors can be examined within this framework. For example, discriminatory employment practices, glass ceilings, job frustration, low wages for the same functions as male counterparts, and unacceptable working conditions “push” women and minority groups away from paid employment and toward starting their own businesses and self-employment (Bal, 2006; Clark and Drinkwater, 1998, 2000; Mitchell, 2004; Smith-Hunter, 1993). Along these lines, BEE is an anecdote to discrimination, although it could be argued that it is “reverse” discrimination. Nevertheless, it helps get qualified women and blacks into white-based industries, as the example mentioned below shows. But “pull” factors, such as the thrill of a challenge, autonomy, and/or control of one’s work, also become driving forces for women to start their own businesses just as they have done for men (Mitchell, 2004).

The main focus here is the movement of some women into “nontraditional” (formal, medium- and large-scale) businesses such as construction, finance, tourism, and agribusiness. This “new generation of African entrepreneurs” is highly educated, has good business networks, and is globally oriented, having previous work experience in formal-economy firms (McDade and Spring, 2005; Spring, 2002, 2008, 2009). McDade and Spring found that many of these women do not experience gender differentials because of these characteristics. Smith-Hunter (1993, p. 375) also observed that “women entrepreneurs who had strong network links and consistently shared information regarding business issues were found to be more successful.” High-level elite women form networks and use social relations to enhance business relations in similar ways as men, but also in different ways factoring in more emphasis on relationships and personal service (also see Kilby, 1983, on ethnic minority entrepreneurs).

Nevertheless, the majority of women in Africa are confined to “traditional” areas in the informal or “second economy.” With little or no education, technical skills, and/or capital, their informal activities are often extensions of women’s home roles. Daniels (1998, 1999) distinguished low- and high-profit informal economy enterprises: women predominate in the former and men in the latter because of the above factors (also see Skinner, 2006; Tomlinson and Ndhlovu, 2003).

Formal and informal networks account for lowering transactions costs and developing specific business skills that can also serve as deterrents against corruption and/or non-compliance in contractual affairs (Bal, 2006; Cameron and Ndhlovu, 2000; Evans, 1995; Fishman, 2000; Ireland, Hitt, Sirmon, 2003; McDade and Spring, 2005; Meagher, 2005; Morris, Avila, and Allen, 1993; Ray and Ramachandran, 1996; Spring, 2002, 2008; Welter and Smallbone, 2006). Ashman (2001) cautions against narrowly focusing on strategic collaboration between civil society organizations and businesses, thereby minimizing the role played by government, as well as by political, economic, social, and environmental factors. The data here speak to the tension between government regulations, as well as those between SOEs and private-sector businesses. In other words, both institutional changes and the nature and distribution of transaction costs must be taken into account (Cameron and Ndhlovu, 2000; Gouws, 2006; Spring, 2002).

Against this background, Audretsh and Keilbach (2004) posit “entrepreneurship capital” as one specific aspect of social capital. They contend that, while economic and social benefits may accrue from “networks, norms, and trust that facilitate coordination and cooperation for mutual benefits” (Putnam, 1993), the positive impact of entrepreneurship capital upon economic performance distinguishes it from social capital. Women’s and men’s social capital may hinge on different aspects. For instance, Kuada (in this issue) discusses how Ghanaian women succeed in getting donor funds for business expansion using their social networks much more than

do male counterparts. The women's associations and networks in South Africa, such as BWA, as well as private-sector firms like Business Partners (mentioned below), take this a step further.

Social Transformation

The political economy approach builds on the preceding two perspectives, going beyond the neoclassical interpretation of exchange relationships and the technological/distributional interpretation where individuals interact with their environment. This is especially so with women's participation in highly patriarchal societies where distributional struggles are bound to damage economic performance; hence, there is a need for state intervention. The political economy approach focuses on the form that is taken by social relations within societies and over a period of time.

Under contemporary capitalism, the dominant social class exerts its control of economic surplus (profit) not by physical force but by control over the means of production (Cameron and Ndhlovu, 2001; Cole, Cameron, and Edwards, 1991; Pollert, 1996). The support structure for the dominant class is provided by the legal, political, ideological, and/or religious structure. The question is whether workers can be engaged in meaningful ways within management structures. Entrepreneurship can thus be viewed within this contradictory and conflictual atmosphere. The persistence of sexism and racism after apartheid is explicable from the dominance of a social class and embedded racism from the past.

Social networks also receive "a nuanced and contextual analysis that traces the way in which networks have been shaped, not simply by cultural identity, but by history, power relations and relations with the state" (Meagher, 2005, p. 232). Such an approach captures "the dimensions of both continuity and change in social networks," as well as "the institutional legacies of the past, and the social realignments and globalizing dynamics of contemporary Africa" (ibid, p. 233).

Overcoming class oppression is inextricably linked with the emancipation of women. For example, expansion of and access to advanced education is linked with transforming the lives of women and disadvantaged groups through improving their income, living standards, health care, child care provisions, etc. But it can affect strategic gender needs if women (and men) challenge the existing social order. Here, government and legislation in South Africa are changing the macro-level climate and raising awareness about women and their quality of life indicators, as well as their increased potential for entrepreneurial enterprises. Secondary and tertiary education for women and men increases the middle class and professionals in all fields. The correction of gender inequalities through gender mainstreaming and the incorporation of "gender considerations into all aspects of development" noted in the second framework earlier help with the efficiency of projects and programs

but differ from the process of social change that challenges socially and culturally constructed norms (Lister, 2006, p. 19).

What would be necessary...is to account for factors “outside” the individual entrepreneur or her business such as legislation, social norms, family policy, economic policy, structure of the labor market regarding the degree and type of women’s participation, and so on: A contingency study approach would study relationships between, for example, family policy and the degree and type of women’s entrepreneurship. (Ahl, 2006, p. 611)

Accordingly, “socially and culturally” constructed gender “varies in time and space” (ibid). Ahl contends that “entrepreneur and entrepreneurship” are, at this historical juncture, themselves “male-gendered concepts, i.e., they have masculine connotations” (Ahl, 2006, p. 598). This is why women’s businesses are often seen as secondary or complementary. She argues that: “Certain types of businesses are more readily available to a woman than are others. Some are compatible with an identity as ‘woman’ while others are not” (Ahl, 2006, p. 612). There are indigenous models where women are heavily involved in mainstream businesses, as, for example, women textile traders in West Africa. There are also new corporate female-centered models.

The company Strate Ltd. started by a woman became the electronic clearing and settlement entity for the JSE (Johannesburg Stock Exchange, which holds 44% of Strate’s shares) and the bond exchange in South Africa, as well as handling money market instruments for South Africa and trades on the Namibian Stock Exchange; it uses new corporate techniques for both men and women that are not gender biased. Wiphold, the first female and black firm on the JSE and a JSE investment company for women, moved into new models of investing that follow a more “feminine principle of business” (Lamond, 2006; International Finance Corporation, IFC, 2006, pp. 73–74), a new trend in South Africa, the United States and elsewhere.

Gender oppression is intertwined with the structural conditions of class and race oppression in South Africa. While “the national gender machinery (NGM) was set up to serve as the structural nodes through which gender equality would be effected” (Gouws, 2006, p. 143), fundamental social change requires greater mobilization of women than has so far happened since transition to democracy in 1994. While the institutionalization of structures at the state and provincial levels under the NGM was meant to provide the opportunity for inculcating “norms and procedures of government” and simultaneously give voice to women in policy-making, the reality was rather disappointing. Conflicting interests between some structures, personality conflicts between leaders, underfunding, lack of adequate skills, uneven mainstreaming of gender, and uneven participation of women and civil

society organizations all contributed to subsequent cynicism (ibid). Social transformation involves changing patriarchy (“whereby men, by excluding women and controlling them, gain control over their labor and decisions”) (Walby, 1990).

This conceptualization is, however, unable to capture “the process of gendering...[as having taken] place *inside* class relations” (Pollert, 1996, p. 643). While male domination can occur because vested interests seek to maintain the *status quo*, “men’s relationship to women does not contain a mutually defining economic relationship in the same way as the relations of capitalism to wage labor” (ibid, p. 654). Indeed, in examining “lived practice,” or social experience, class relations are inseparable from gender and race. It is this fusion which “opens up action in process, and makes visible both women and men; agency, whether its compliance, consent or resistance enters the picture” (ibid, p. 648). Rather than being passive victims, women become active agents with “transformative potential” (Collinson et al., 1990).

ILLUSTRATIVE FORMAL-SECTOR DATA ON WOMEN

The major issues concerning South African women in the formal sector include corporate leadership, gender and racial imbalances, and discriminatory practices related to resource acquisition. Some illustrative data on formal-sector businesswomen are considered briefly in terms of (a) business associations and networks (BWA and SAWEN); (b) government programs to enhance gender equity in business (BEE and ASGI-SA); and (c) private-sector initiatives (Business Partners and Standard Bank). There is one proviso: “that without factual, reliable information on the status, as well as the profile of the women entrepreneurs, it will be difficult to make a fair assessment of the representation and participation of women in business” (Global Entrepreneurship Monitor, GEM, 2006, p. 28).

Business Associations and Networks (BWA and SAWEN)

The BWA grew out of separate black and white associations that merged in the 1990s. It now provides a visible presence for businesswomen in the private sector by holding forums/events nationwide, publishing the *BWA Magazine*, giving awards, and conducting a census of women in major corporations. BWA gains support from the JSE, major corporations, Business Partners (BP), banks (Standard Charter, NedBank, etc.), and SOEs.

BWA annual census data reports have been carried out since 2004. Annual reports (2006, 2008b) reveal that women are underrepresented in all areas of the workforce but are gaining as managers and chairs of boards. In fact, “women on boards” is a “powerful indicator” for companies but has not translated into parity at the top levels or recruitment at lower levels. The

TABLE 1 Women in Executive Positions, 335 Companies, 2008

	CEOs	Board chairs	Directors	Executive managers
Number of women	13	13	419	1,227
Number of men	322	322	2,505	3,618
Percent women	3.8%	3.8%	14.3%	25.3%

Source: Calculated and adapted from BWA (2008b).

2008b report's underlying premise is "what gets measured gets done," and progress has become reality (2008b, p. 13). Only some of the data are given here due to space limitations. They show that women executives in 318 JSE and 17 SOE companies comprise 7.8% of CEOs and board chairs, 14.3% of directors, and 25.3% of executive managers (Table 1). All are increases over 2004 and 2006. Furthermore, the report argues that "a top performing company [has] 25% or more director positions and 25% or more of executive manager positions [held] by women;" companies that comply are listed in the report (ibid, p. 10).

BWA debunked the myth that only a few powerful women hold most directorships. Table 2 shows that a total of 324 women hold 419 directorships with 260 women holding 1, 49 holding 2, and 15 holding 3 to 5. Considering companies, 38% have no women directors, lowered from 43% in 2006 (and 60% in 2004, not shown); 31% have one woman; 19% have two women; and 13% have three to five. SOEs do better than JSE companies in hiring women and blacks.

Table 3 provides data on directors and executive managers in terms of South Africa's four racial groups for 2008 and [2006]: more directors are blacks than whites, and more executive directors are whites than blacks. Black and Indian women increased, while white women decreased in the 2-year period. Again, SOEs improved the number of women managers significantly more than JSE companies.

The South African Women's Entrepreneurs' Network (SAWEN), under the DTI, lobbies government, private and public institutions; helps members with business resources and opportunities; gathers data; and conducts

TABLE 2 Women Holding Directorships and Percentage of 335 Companies With Women Directors, 2008 and [2006]

	None	1	2	3–5
Number of women holding directorships	—	260 [253]	49 [30]	15 [13]
Percent of companies with women directors	38% [43]	31% [32]	19% [15]	12% [10]

Source: Calculated and adapted from BWA (2006, 2008b).

TABLE 3 Race of Women in Director and Executive Manager Positions (in Percentages) in 335 Companies in 2008 and [2006]

	Black	Colored	Indian	White
Director	57.3 [48.1]	4.1 [5.8]	5.5 [3.9]	33.2 [42.5]
Executive manager	29.7 [12.0]	7.2 [4.1]	6.6 [5.3]	55.5 [77.6]

Source: Adapted from BWA (2006, 2008b).

networking forums. “The primary client of SAWEN is any female South African citizen owning or managing an enterprise as part of generating profit, thus contributing towards growing the South African economy. Secondary [is] anyone who aspires to start her own business” (<http://www.DTI.gov.za.sawen>). Because empirical studies are in progress, it is not currently possible to ascertain participation and impact on women entrepreneurs.

Government Programs (BEE and ASGI-SA)

The main transformational program for companies is BEE Charters that have focused on employment equity issues without addressing ownership and procurement in any meaningful way. The latter are often regarded as gender-neutral, thereby explaining the slow progress on empowerment with regards to women-owned businesses (IFC, 2006). Indeed DTI Deputy Minister Thabethe noted: “Whilst there are signs of professional development amongst women, this should not be mistaken as an indication of women’s economic participation” (Thabethe, 2006, p. 4). Ramphele also warns against “corruption and nepotism.” She argues that “many [in the corporate world] have used BEE to gain access to political decision-makers in return for facilitating ownership deals for prominent well-connected individuals” (Ramphele, 2008, p. 9). Furthermore: “One of the major flaws in the BEE policy is not placing any obligations on those who have been empowered to empower others” (ibid). To avoid differential treatment by various institutions, the BEE Codes and Charters also need to “provide uniform standards to define women-owned business” (IFC, 2006, p. 6). However, these limitations should not mask the progress that has been achieved, as shown in the case from Standard Bank (mentioned below).

An additional strategy to enhance women’s contribution to the economy gained impetus in 2006 under the ASGI-SA to increase national growth and reduce unemployment and poverty; women are necessary for its achievement (Thabethe, 2006). DTI workshops and mobilization strategies recommend: women-led broad-based BEE deals; compiling a black women business directory; maximizing “codes of good practice” such as a 30% quota to standardize women’s participation in the private sector and government; and national training courses to enhance skills. Tackling the financial side, additional recommendations are to establish support funds by government and the

private sector, and facilitate access to capital markets. The sectors involved are linked to tourism, minerals, energy, outsourcing enterprises, agriculture, agro-processing, apparel, and textiles (also see GEM, 2006, p. 28). By contrast, women's micro enterprises tend to be located in the least profitable areas of the informal economy (hawking), and this "informal economy can be divided into 'survivalists' and 'informal entrepreneurs', respectively comprising 83% and 61% Africans" (DTI, 2005, p. 12; IFC, 2006, pp. 4–5, 14–15). To rectify the lack of reliable data on small businesses, African Response was commissioned by the Gauteng Enterprise Propeller (GEP) and FinMark Trust to study Gauteng Province that contributes more than 38% of South Africa's gross domestic product (FinScope, 2006; Kubheka, 2006). Using a Business Sophistication Measure (BSM) to segment the continuum of "small business from informal street vendors to the more sophisticated and sustainable businesses" (FinScope, 2006, p. 6.), this pilot study estimated that 64% (673,576) were informal businesses, 18% (195,250) were unregistered, and 17% (184,992) were registered businesses. Small businesses accounted for 35% of Gauteng's employment. Of particular concern is that most women entrepreneurs have not graduated from the start-up phase to "higher levels of activities over time, which will necessarily hinder their financial prospects" (GEM, 2006, p. 31, also see Spring, in this issue).

Private Sector (Business Partners and Standard Bank)

In terms of the private sector, Business Partners Limited (BP), in which the government is a major shareholder, bills itself as the "Leading Investment Company for Small and Medium Enterprises" and invests in enterprises requiring financing of between R150,000 and R15 million (<http://www.businesspartners.co.za>). About 33% of the small-medium formal businesses (SMEs) funded are women-owned businesses. BP sponsors annual "Women Entrepreneurs of the Year" competitions to give women visibility.

Reports since 2004 show the number of participants and the funding levels are increasing. For the first half of 2006, investments were R486 million, an increase of 28% over 2005. One fund exclusively targets black-owned (minimum black shareholding 51%), as well as black-managed and black-empowered SMEs businesses (minimum 26% black shareholding). During the 2004–2005 financial year, BP invested R154 million in 159 businesses owned and operated by women (Schwenke, personal communication, 2006, 2007), and R297.5 million in 2005–2006 (Fick, 2006). Other statistics show the firm capitalized 120 women-led businesses at a minimum of R150 million and 250 women at R300 million. BP also funds young (18 to 35 years), black women and men. The BP Annual Report (2008) states that 254 investments were approved for women-run businesses (total R306.3 million), up from 247 (total R281.3 million) in 2007. Other, smaller funds for women also assisted (Table 4). A BP board member notes: "By dedicating

a fund that assists women entrepreneurs to own and grow their own small and medium businesses, Business Partners is doing the real job of empowerment” (Ramphele, 2008, p. 14).

Interviews by Spring in 2000, 2001, and 2006 (2002, 2009) and Fick (2006) show a 30% female client base (thereby meeting BEE and ASGI-SA targets). BP’s female clients “own and run construction companies and service stations, supermarkets and clothing factories, hotels and B&Bs, franchises and surveying practices, travel agencies, biotechnology labs and medical practices, a marine fishing fleet and processing plant” (Fick, 2006, p. 236). Many comment on women business-owners’ trustworthiness, their quality of service and personal involvement, and “superior operating procedures.” Schwenke notes that “so many women entrepreneurs work in the services sector, where understanding of and empathy for the customer is paramount” (as cited in Fick, 2006, p. 237).

The “pink ghetto” and “glass ceiling” for most women may be a reality, however. Gqubule and Pile (<http://www.bwa.co.za/Research/SAsMostPowerfulBusinesswomen/>) discuss the gender elite, South Africa’s most powerful businesswomen: “Some are the daughters of prominent businessmen, others are married to politicians, but all have made a name as businesswomen in their own right . . . [these] new power elite are black, and they have rocketed through the ranks in the past few years.” Spring’s interviews with the women at the helm of Wiphold and Strate Ltd. (mentioned earlier), as well as board members for Vodacom (telecommunications) and Transnet (SA’s transportation conglomerate), reveal an elite group of black and white women involved in operating major firms and/or serving on boards of major companies. These women “are more prepared than men to empower others, and are more concerned to build real influence than how high they are on the corporate ladder” Gqubule and Pile (*ibid*; Spring 2002, 2009). South Africa also brings businesswomen from all over Africa to interact with its elite women, private-sector businesswomen, and women in government ministries (<http://www.bizcommunity.com/Article/410/11/20081.html>).

What has been accomplished for women under broad-based BEE? Standard Bank (SB) provides a good example, and began with 80 diversity training workshops for 2,490 employees (2005). SB exceeded all 2008 targets for employment equity by 31 December 2005. Table 5 shows the bank’s BEE targets by rank (20%, 30%, and 40% for senior, middle, and junior management, respectively) to meet government regulations that were achieved 3 years early. However, black women in all management levels lagged behind black men.

Pillar 6 of BEE (direct control of a financial institution by being on the board of directors and in the top 50 company positions) is also measured. Of the 19 board members in 2004, 4 men and 1 woman were black, increasing to 4 men and 2 women of 18 members in 2005. Table 6 shows that the percentages were slightly under target and no data are yet available for 2008 to ascertain if targets were met or exceeded.

TABLE 4 Number of Women and Blacks Receiving Investment Loans From Business Partners' Funds, 2007 and 2008

Year	Regular fund investments				Eboli fund (women niche-markets)		Empowerment fund	
	Number of women	Rand millions	Number of blacks	Rand millions	Number of women	Rand millions	Number of women	Rand millions
2007	247	281.3	296	345.1				
2008	254	306.3	304	389.4	4	12.4	13	13.76

Source: Adapted from Business Partners (2008).

TABLE 5 Standard Bank BEE Pillar 1 (Human Resource Development), Total Black and Black Women Employees in Management by Rank, 2004 and 2005 (in percentages)

Black employees: management level	Target 2008	Achieved 2004	Achieved 2005
Senior management	20	19	21.1
Women senior management	4	4	4.9
Middle management	30	28	31.9
Women middle management	10	10	12.6
Junior management	40	40	43.3
Women junior management	15	22	26.4

Source: Adapted from http://www.standardbank.co.za/site/investor/sr_2005/bee/pillar1.htm

TABLE 6 Standard Bank BEE Pillar 6 (Direct Empowerment) Top 50 Positions (in Percentages)

Board of directors	Target 2008	Achieved 2004	Achieved 2005
Black directors	33	26.3	33.3
Black women directors	11	5.3	11.1
Black executives	25	16	22
Black women executives	4	0	4

Source: Adapted from http://www.standardbank.co.za/site/investor/sr_2005/bee/pillar6.htm

CONCLUSION

This article posits three theoretical and conceptual frameworks for examining entrepreneurship in South Africa. While the neoclassical perspective dismisses the significance of gender and race, and the social engineering approach focuses on the organizational problem in addressing perceived inequalities, the social transformation political economy approach builds on these approaches and helps capture the fusion of these factors. In free markets, the state is benign; its patriarchal and traditional norms can only

be undermined by market forces. Some women will succeed based on individual achievement and merit, indeed the case for some BWA members and BP loan recipients. But it was the post-apartheid state that opened education to women and all racial groups, and that takes action through ASGI-SA and BEE to “equalize, occupational and income stratification by gender and ethnicity” (Mickelson, Nkomo, and Smith, 2001, p. 3).

Social engineering and the WID approach sees women’s increased participation as the key to economic growth, through gender mainstreaming, higher education, and access to capital. But adequate resources to support women-owned enterprises must be addressed; entry restrictions must be relaxed; and gender stereotyping must diminish. The state can alleviate some “push” and “pull” factors to assist with gender and racial discriminatory employment practices, but the private sector is more likely to be involved in either maintaining or eliminating glass ceilings and unequal pay. Business Partners, a case in point, has assisted empowerment of some women in the SME sector. Elsewhere, ownership and procurement issues need better focus so that there are more women-owned businesses. The paucity of data on ownership patterns makes evaluation of success difficult, although BWA censuses provide monitoring data.

Government interventions have ensured progress in the movement of women up the corporate professional ladder. Social transformation for women’s participation in highly patriarchal societies takes place over time and is confounded by the enmeshing of gender, race, and class in relation to power and powerlessness. As noted, the persistence of racism in South Africa after apartheid stems from the dominance of social class and past inequities. BEE and ASGI-SA are clear examples of state intervention to affect changes in hiring, especially of managers. Extensive monitoring using gender and racial disaggregated data on hires and BEE scores for government and private companies provide examples of the impetus for social transformation. The data on women and blacks serving as board directors have become a powerful indicator, and an incentive for companies to appoint them, but have not transformed parity at top levels to recruitment at lower levels. The government’s BEE program has led to creative strategies for transformation, so that in half a decade, major firms (e.g., Standard Bank, and a multitude of JSE and non-JSE firms countrywide to greater and lesser degrees) have met targets for female and black managers. The results show the impacts of the transformation strategy. This is the background against which further empirical studies on South Africa can be conducted.

REFERENCES

- Ahl, H. (2006). Why research on women entrepreneurs needs new directions. *Entrepreneurship Theory and Practice*, 30 (5), 595–621.

- Alvarez, S. A., and Busenitz, L. (2001). The entrepreneurship of resource-based theory. *Journal of Management*, 27, 755–775.
- Ashman, D. (2001). Civil society collaboration with business: Bringing empowerment back in. *World Development*, 29 (7), 1097–1113.
- Audretsh, D., & Keilbach, M. (2004). Does entrepreneurship capital matter? *Entrepreneurship Theory and Practice*, 28 (5), 419–429.
- Bal, G. (2006). Entrepreneurship among diasporic communities: A comparative examination of Patidars of Gujarat and Jats of Punjab. *Journal of Entrepreneurship*, 15, 181–203.
- Business Partners. (2008). Investing in entrepreneurs builds business that builds people: Annual report 2008. *Johannesburg: Business Partners Limited Corporate Services*.
- Businesswomen's Association (BWA). (2006). *South African women in corporate leadership census 2006*. BWA, sponsored by NedBank.
- Businesswomen's Association (BWA). (2008a). BWA census: Surprising trends in employment equity. *BWA Magazine, Spring*, 19–22.
- Businesswomen's Association (BWA). (2008b). *BWA South African women in corporate leadership census 2008*. BWA, sponsored by NedBank.
- Cameron, J., & Ndhlovu, T. P. (1999). Keynes and the distribution of uncertainty: Lessons from the Lancashire spinning industry and the general theory. *Review of Social Economy*, 57, 99–123.
- Cameron, J., & Ndhlovu, T. P. (2000). Development economics: An institutional bastion. *Journal of Interdisciplinary Economics*, 2, 237–253.
- Cameron, J., & Ndhlovu, T. P. (2001). The comparative economics of EU 'subsidiarity': Lessons from development/regional economics debates. *International Journal of Urban and Regional Research*, 25, 327–345.
- Carbone, M., & Lister, M. (2006). Introduction: Integrating gender and civil society into European Union development policy. In M. Lister & M. Carbone (Eds.), *Development: Gender and civil society in EU policy*. Aldershot: Ashgate Publishing.
- Clark, K., & Drinkwater, S. (1998). Ethnicity and self-employment in Britain. *Oxford Bulletin of Economics and Statistics*, 60 (3), 383–407.
- Clark, K., & Drinkwater, S. (2000). Pushed out or pulled in? Self-employment amongst Britain's ethnic minorities. *Labor Economics*, 7, 603–628.
- Cole, K., Cameron, J., & Edwards, C. (1991). *Why economists disagree: The political economy of economics*. London/New York: Longman.
- Coleman, J. (1988). Social capital in the creation of human capital. *American Journal of Sociology*, 94(Supplement), S95–S120.
- Collinson, D., Knights, D., & Collinson, M. (1990). *Managing to discriminate*. London/New York: Routledge.
- Daniels, L. (1998). The contribution of small enterprise to household and national income in Kenya. *Economic Development and Cultural Change*, 47, 45–71.
- Daniels, L. (1999). The role of small enterprises in the household and national economy in Kenya: A significant contribution or a last resort? *World Development*, 27 (1), 55–65.

- Department of Trade and Industry (DTI). (2005). *South African Women entrepreneurs: A burgeoning force in our economy, a special report*. Pretoria: The DTI.
- Eckhardt, J., & Shane, S. (2003). Opportunities and entrepreneurship. *Journal of Management*, 29, 333–349.
- Evans, P. (1995). *Embedded autonomy: States and industrial transformation*. Princeton, NJ: Princeton University Press.
- Fishman, R. (2000, April). *Ethnic enclaves and communal enforcement: Evidence from trade credit relationships*. Paper presented at the GSAE conference Opportunities in Africa: Micro-evidence on Firms and Households, Oxford: James Curry.
- Fick, D. (2006). *Africa: Continent of opportunity*. Johannesburg: STE Publishers.
- FinScope. (2006, November 6). *FinScope small business Gauteng 2006*. South Africa: FinMark Trust and GEP.
- Global Entrepreneurship Monitor (GEM). (2006). *GEM South African report 2006*. Cape Town, South Africa: University of Cape Town.
- Gouws, A. (2006). The state of the national gender machinery: Structural problems and personalized politics. In S. Buhlungu, J. Daniel, S. Southall, & L. Lutchman (Eds.), *State of the nation: South Africa 2005–2006*. Pretoria: Human Sciences Research Council.
- International Finance Corporation (IFC). (2006). *Access to finance for women entrepreneurs in South Africa*. South Africa: FinMark Trust and DTI.
- Ireland, R., Hitt, M., & Sirmon, D. (2003). A model of strategic entrepreneurship: The construct and its dimensions. *Journal of Management*, 29 (6), 963–989.
- Kabeer, N. (1999). Resources, agency, achievements: Reflections on the measurement of women's empowerment. *Development and Change*, 30 (3), 435–464.
- Kilby, P. (1983). The role of alien entrepreneurs in economic development. *American Review, Papers and Proceedings*, 73 (May), 107–111.
- Kuada, J. (2009). Gender, social networks, and entrepreneurship in Ghana. *Journal of African Business*, 10 (1), 85–103.
- Kubeheka, B. (2006, November 21). *Small business survey highlights 2006*. South Africa: FinMark Trust and GEP.
- Lamond, B. (2006). *Born to lead*. New York: Alpha Books.
- Leff, N. (1979). Entrepreneurship and economic development: The problem revisited. *Journal of Economic Literature*.
- Lister, M. (2006). Gender and European Union development policy. In M. Lister & M. Carbone (Eds.), *Development: Gender and civil society in EU policy*. Aldershot: Ashgate Publishing Limited.
- March, C., Smyth, I., & Mukhopadhyay, M. (1999). *A guide to gender analysis frameworks*. London: Oxfam.
- McDade, B., & Spring, A. (2005). The 'new generation of African entrepreneurs': Networking to change the climate for business and private sector-led development. *Entrepreneurship & Regional Development*, 17 (1), 17–42.
- Meagher, K. (2005). Social capital or analytical liability? Social networks and African informal economies. *Global Networks*, 5 (3), 217–238.
- Mickelson, R., Nkomo, M., & Smith, S. (2001). Education, ethnicity, gender, and social transformation in Israel and South Africa. *Comparative Education Review*, 45 (1), 1–35.

- Mitchell, B. (2004). Motives of entrepreneurs: A case of South Africa. *The Journal of Entrepreneurship*, 13 (2), 167–183.
- Moleke, P. (2006). The state of labor market deracialisation. In S. Buhlungu, J. Daniel, R. Southall, & J. Lutchmann (Eds.), *State of the nation: South Africa 2005–2006*. Pretoria: Human Science Research Council.
- Morris, M., Avila, R., & Allen, J. (1993). Individualism and the modern corporation: Implications for innovation and entrepreneurship. *Journal of Management*, 19 (3), 595–612.
- Pollert, A. (1996). Gender and class revisited: or, the poverty of ‘patriarchy.’ *Sociology*, 30 (4), 639–659.
- Putnam, R. (1993). *Making democracy work: Civic traditions in modern Italy*. Princeton, NJ: Princeton University Press.
- Ramphele, M. (2008). It is not just the taking of the money: It is the destruction of the spirit. Interview by B. Turok (Ed.), *New Agenda: South African Journal of Social and Economic Policy*, 30, 6–14.
- Ray, S., & Ramachandran, K. (1996). Towards a framework for a comprehensive theory of entrepreneurship. *Journal of Entrepreneurship*, 5 (1), 1–22.
- Schumpeter, J. (1934). *The theory of development*. Oxford: Oxford University Press.
- Schumpeter, J. (1942). *Capitalism, socialism and democracy*. New York: Harper & Row.
- Skinner, C. (2006). Falling through the policy gaps? Evidence from the informal economy in Durban, South Africa. *Urban Forum*, 17 (2), 125–148.
- Smith-Hunter, A. (2004). Women entrepreneurship across racial lines: Current status, critical issues, and future implications. *Journal of Hispanic Higher Education*, 3, 363–381.
- Spring, A. (2002). Gender and the range of African entrepreneurial strategies: The ‘typical’ and the ‘new’ women entrepreneurs. In A. Jalloh & T. Falola (Eds.), *Black business and economic power* (pp. 381–401). Rochester, NY: University of Rochester Press.
- Spring, A. (2008). The West African Enterprise Network: Business globalists, inter-regional trade and U.S. interventions. In A. Jalloh & T. Falola (Eds.), *The United States and West Africa: Interaction and relations* (pp. 305–324). Rochester, NY: University of Rochester Press.
- Spring, A. (2009). Empowering women in the African entrepreneurial landscape: Microentrepreneurs to business globalists in the informal and formal sectors. In M. Ndulo M. (Ed.), *Power, gender and social change in Africa and the diaspora*. Newcastle upon Tyne: Cambridge Scholars Publishing.
- Spring, A. (2009). African women in the entrepreneurial landscape: Reconsidering the formal and informal sectors. *Journal of African Business*, 10 (1), 11–30.
- Standard Bank (SB). (2005). Sustainability and black empowerment report. Retrieved October 30, 2008, from http://www.standardbank.co.za/site/investor/sr_2005/bee/pillar1.htm
- Thabethe, E. (2006). *Proposed strategy on engendering the Accelerated and Shared Growth Initiative (ASGI-SA)*. Pretoria: Department of Trade and Industry (DTI).
- Tomlinsons, M., & Ndhlovu, T. P. (2003). Do services matter for African economic development: An empirical exploration. In M. Muchie, P. Gammeltoft, &

- B. Lundvall (Eds.), *Putting Africa first: The making of African innovation systems*. Aalborg: Aalborg University Press.
- Walby, S. (1990). *Theorising patriarchy*. Oxford: Blackwell.
- Welter, F., & Smallbone, D. (2006). Exploring the role of trust in entrepreneurial activity. *Entrepreneurship Theory and Practice*, 30 (4), 465–475.
- West, G. (2007). Collective cognition: When entrepreneurial teams, not individuals, make decisions. *Entrepreneurship Theory and Practice*, 31 (1), 77–102.