

South African Women Entrepreneurs Job Creators Survey

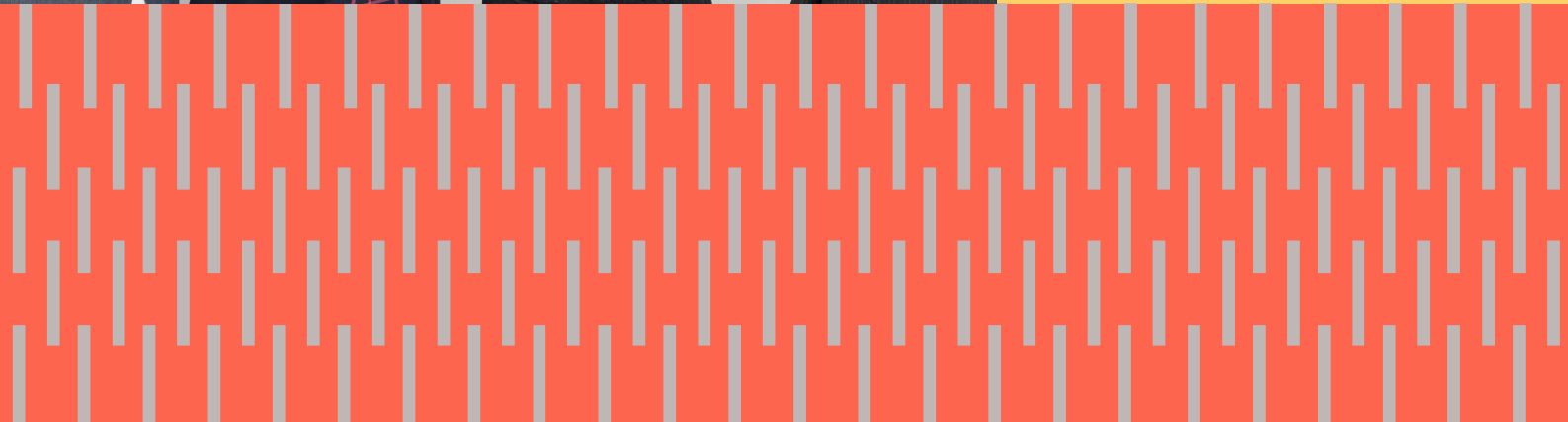


NEW YORK UNIVERSITY



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Lioness Data
Insights



INTRODUCTION

Throughout Africa, women-led enterprises emerge and persist despite daunting challenges: struggles to secure resources and access to markets.¹ Given the role of women entrepreneurs as employers and as engines of economic growth across the continent, it is important to understand their strengths as well as the challenges they confront, to learn how best to support them as business leaders during and post-COVID-19. Efforts to foster resilience among women-led enterprises in Africa have faced a widely recognized problem—unreliable data.² Lionesses of Africa is partnering with researchers from New York University to provide reliable, timely data and insights into women entrepreneurs and their businesses and give Africa's women entrepreneurs a voice in shaping resources targeted to them.

This first report in the series focuses on South Africa's women entrepreneurs. Women account for just 19.4% of business owners in South Africa³ but have made important gains in recent years in entrepreneurial activity.⁴ This report describes the experiences of South Africa's women entrepreneurs through key insights derived from data collected from the South African Women Entrepreneurs Job Creators Survey.





THE SURVEY

The South African Women Entrepreneurs Job Creators Survey was collected online from 913 women entrepreneurs in South Africa between November 23, 2020, and April 28, 2021. Participants were recruited through the Lionesses of Africa network, to represent a wide range of business types and sectors. The survey adhered to the most rigorous standards for instrument development and protecting the privacy of survey respondents.

The survey was an opportunity for South Africa's women entrepreneurs to share their experiences with job creation and how COVID-19 affected it and revenue generation. Respondents also shared their post-COVID-19 outlook for their businesses and their experiences with accessing government assistance programs and external financing during the pandemic.⁵

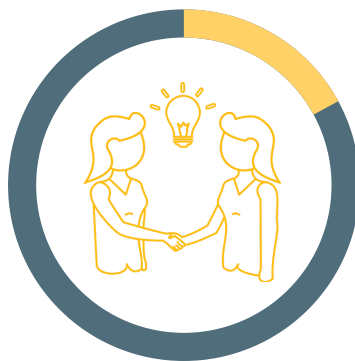
BUSINESS TYPES IN SURVEY

Respondents varied from solo entrepreneurs with no staff to those leading businesses with thousands of employees. Throughout the report, we refer to three entrepreneur types: “solo,” “partner,” and “employer.”



Solo
50%

Women entrepreneurs who lead businesses with no partners and no employees (n=460)



Partner
17%

Women entrepreneurs who lead businesses that include partners but no other employees (n=151)

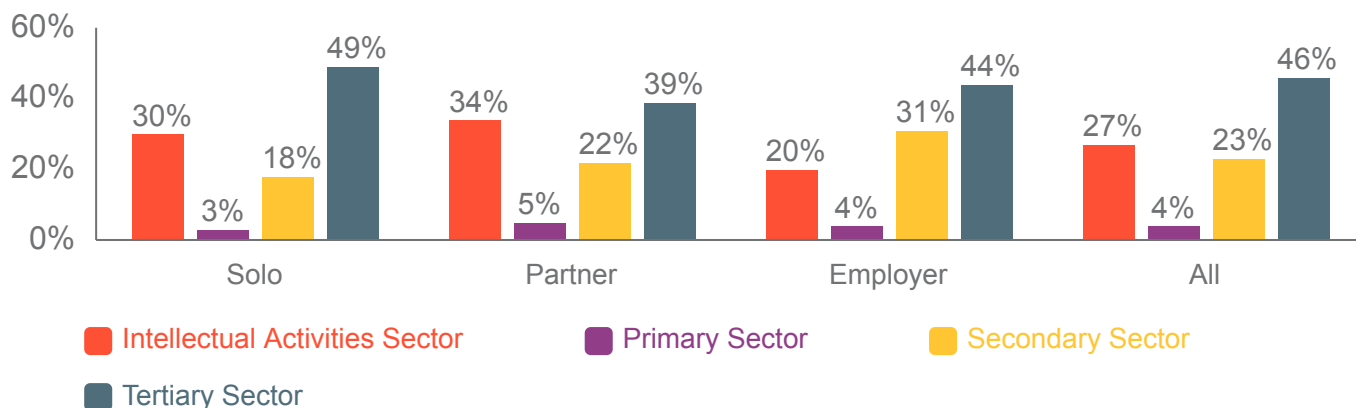


Employer
33%

Women entrepreneurs who lead businesses that include employees other than owners and partners (n=302)

Survey includes a total of 913 South African women entrepreneurs

Women Entrepreneurs in Survey, by Sector and Type

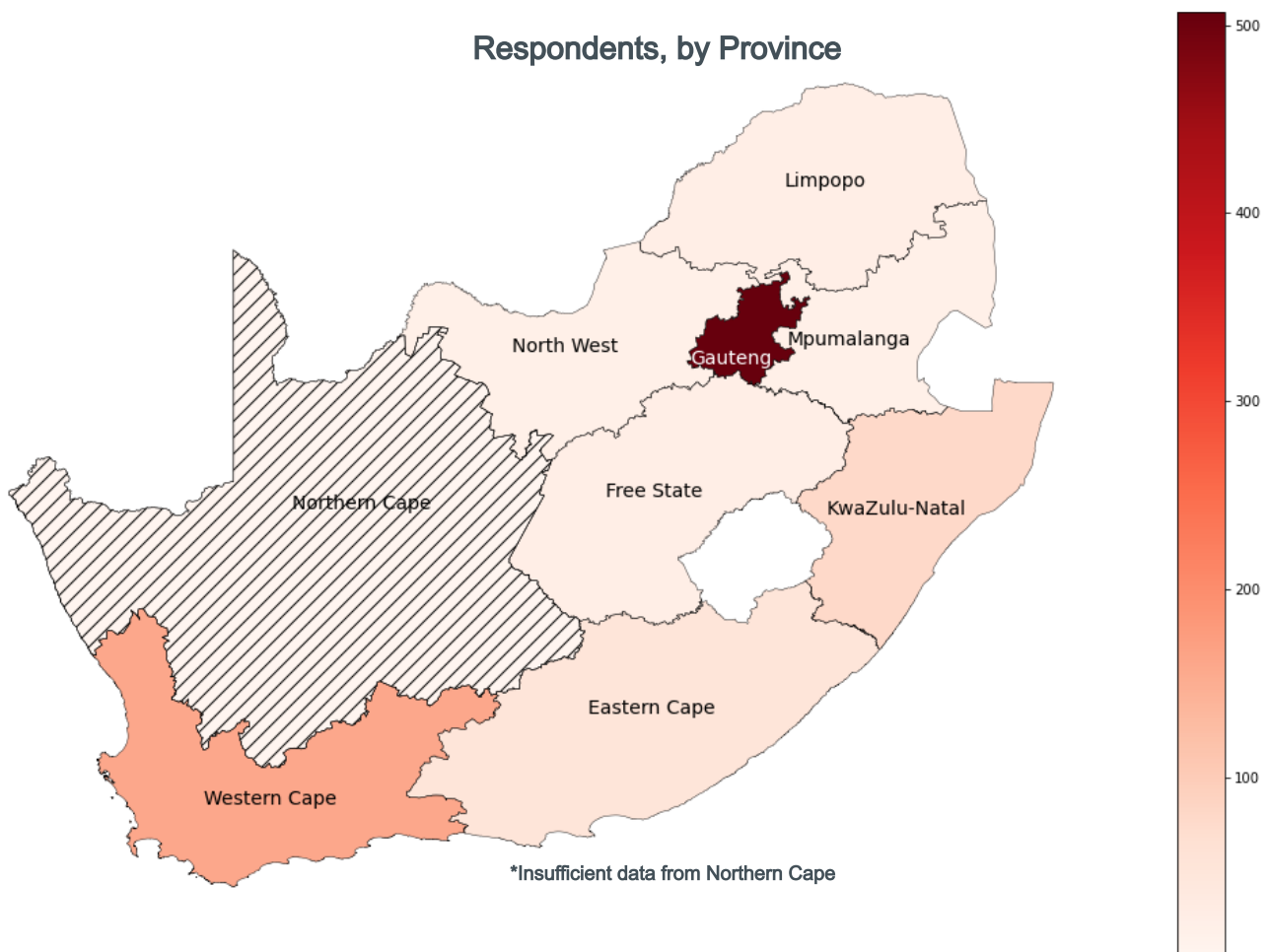


ABOUT THE RESPONDENTS



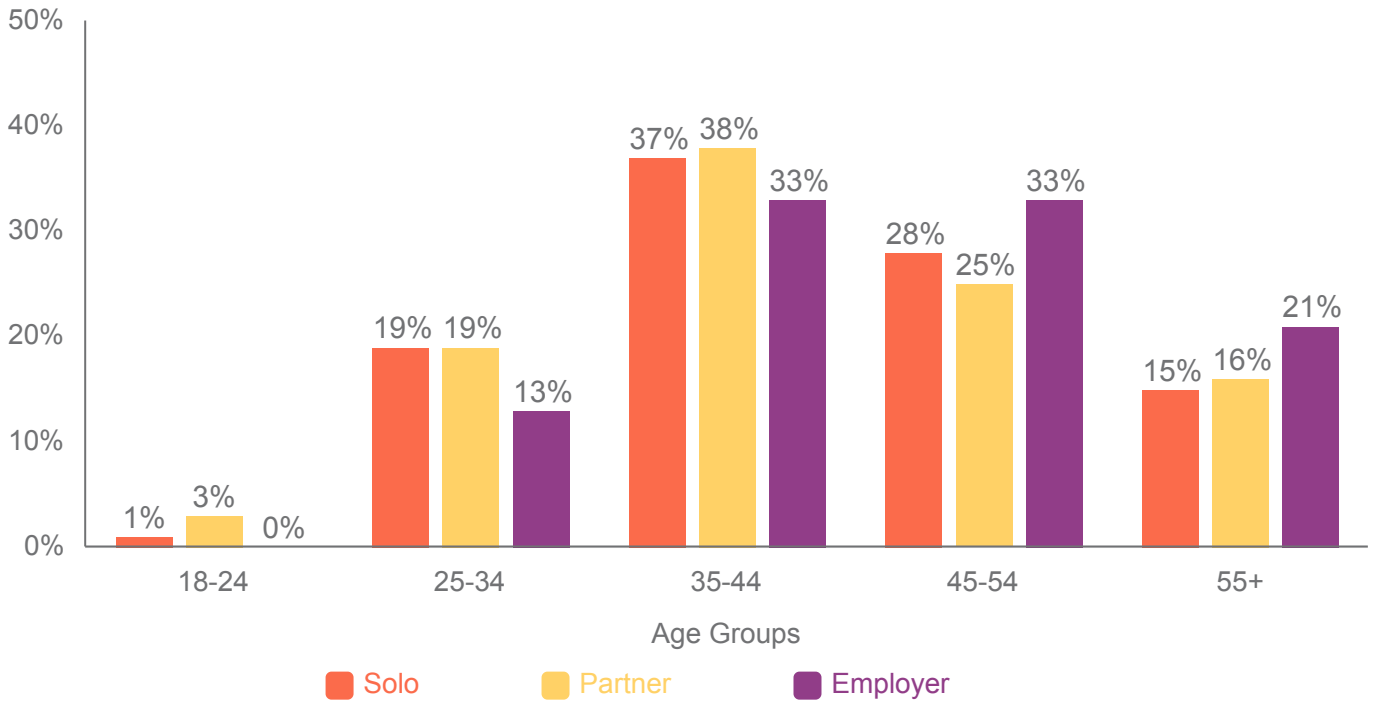
The survey included South African women entrepreneurs from all nine provinces. The map below shows the respondents' locations, with darker shading indicating a larger number of respondents. Sizable shares of the study respondents were from Gauteng, Western Cape, and KwaZulu-Natal. We include findings from all nine provinces when reporting aggregate measures but exclude the Northern Cape when reporting disaggregated results at the province-level, due to the small number of respondents from that province.

Respondents, by Province

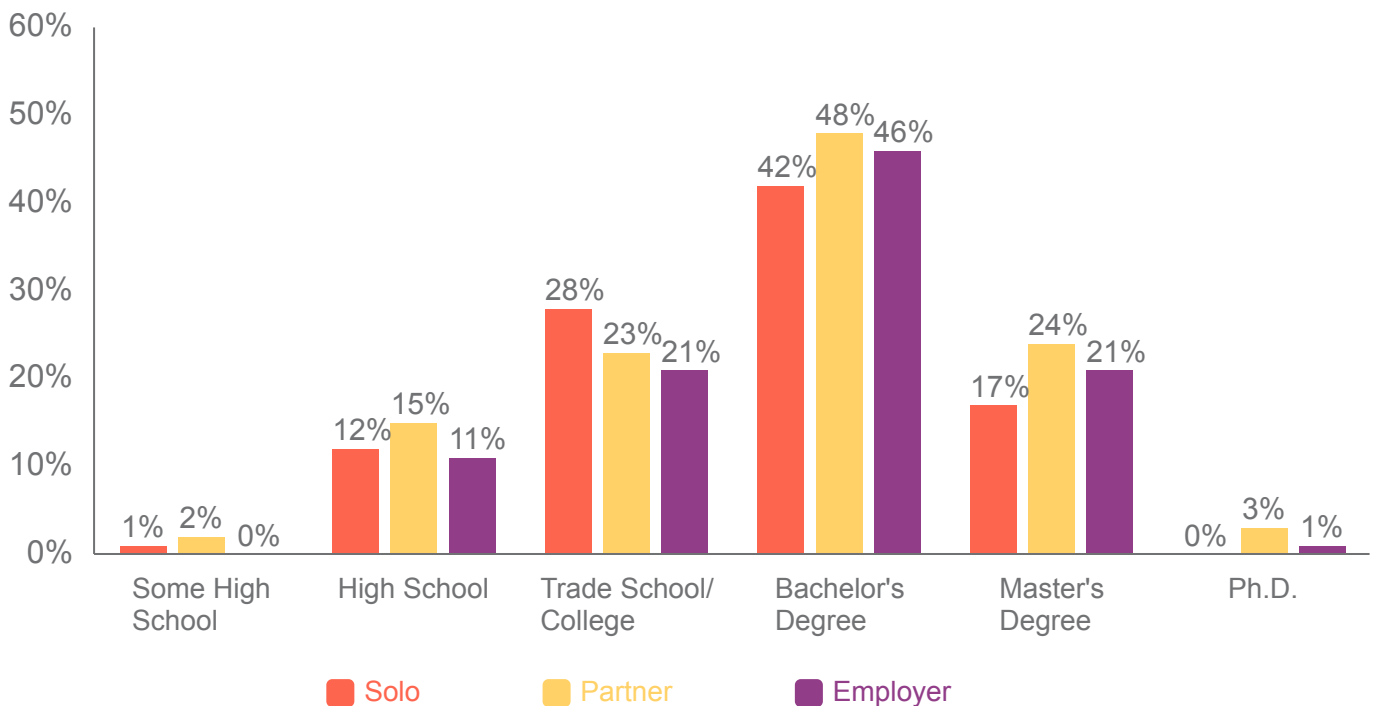


The respondents, who lead a wide range of business types, represent a range of ages and education levels. Those who lead companies that have employees are older, on average. The majority of respondents have at least a bachelor's degree and about one in five have completed a graduate degree.

Age of Respondents, by Business Type

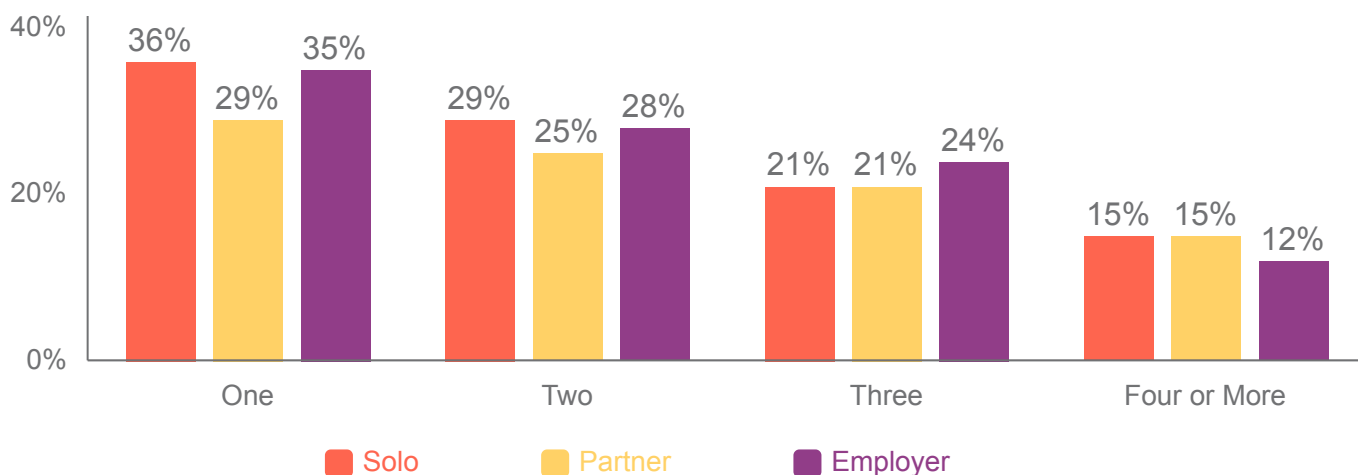


Highest Level of Education, by Business Type



The survey provides insights into business ventures founded by South African women entrepreneurs, over the course of their careers. For a third of the respondents (35%), their current business is the only business they have founded, while the remaining two-thirds have founded two or more business ventures. There were no significant differences in the number of prior businesses founded, by business type or respondent age.

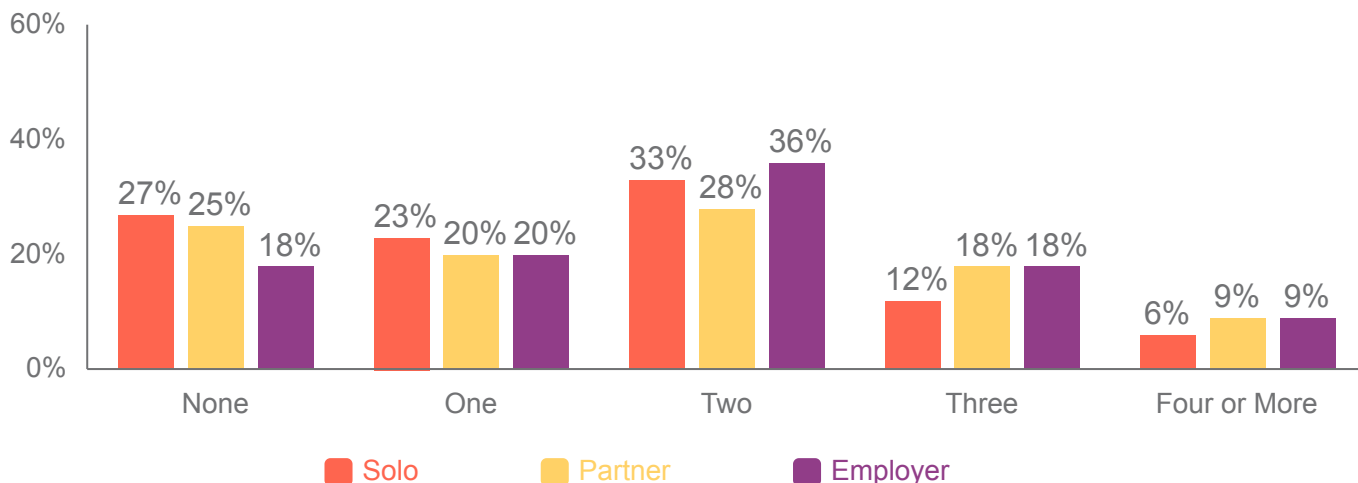
Number of Business Ventures Founded Over Course of Career



66% have launched more than one business over the course of their career

The women entrepreneurs responding to the survey lead enterprises while managing family responsibilities. 76% have children in their home.

Number of Children in the Home

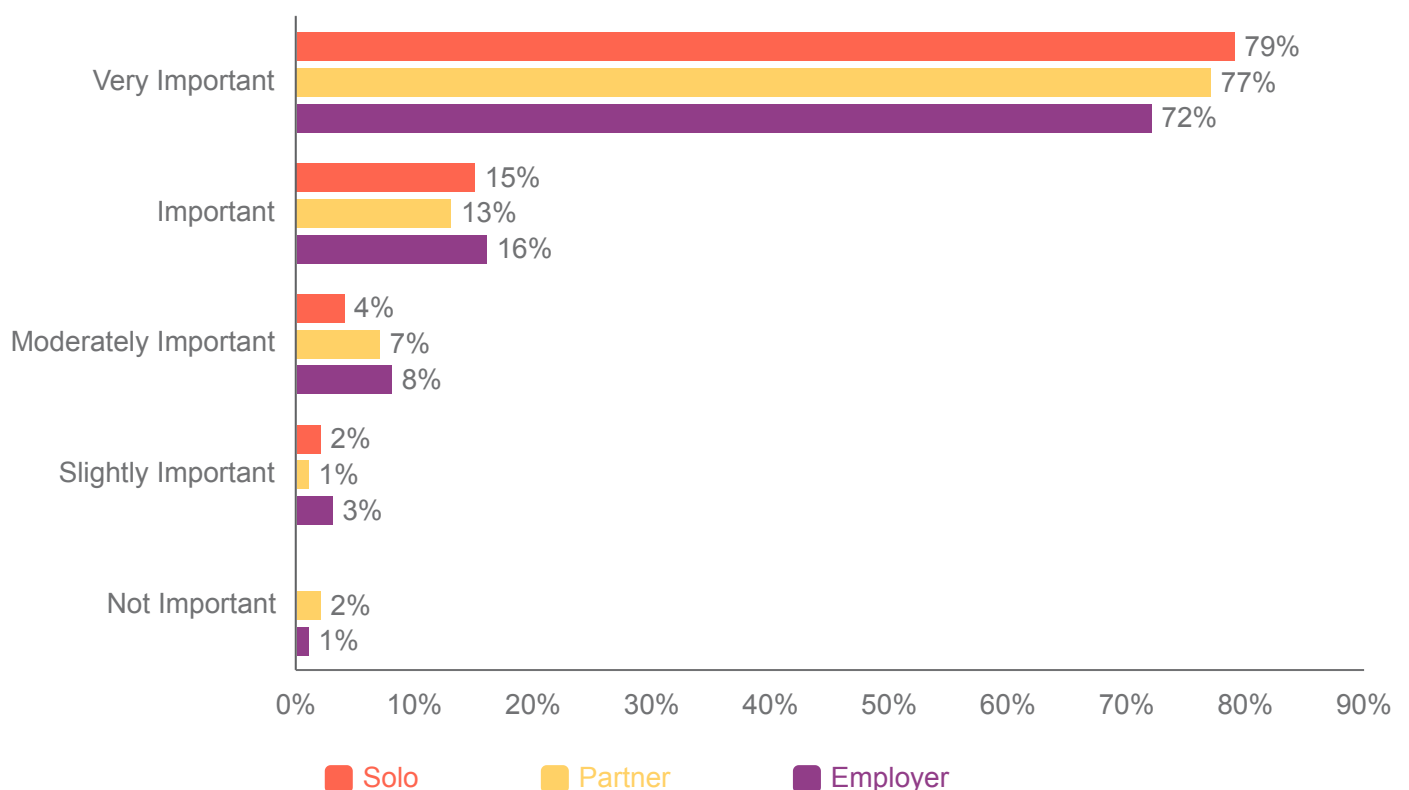


COMMITMENT TO JOB CREATION

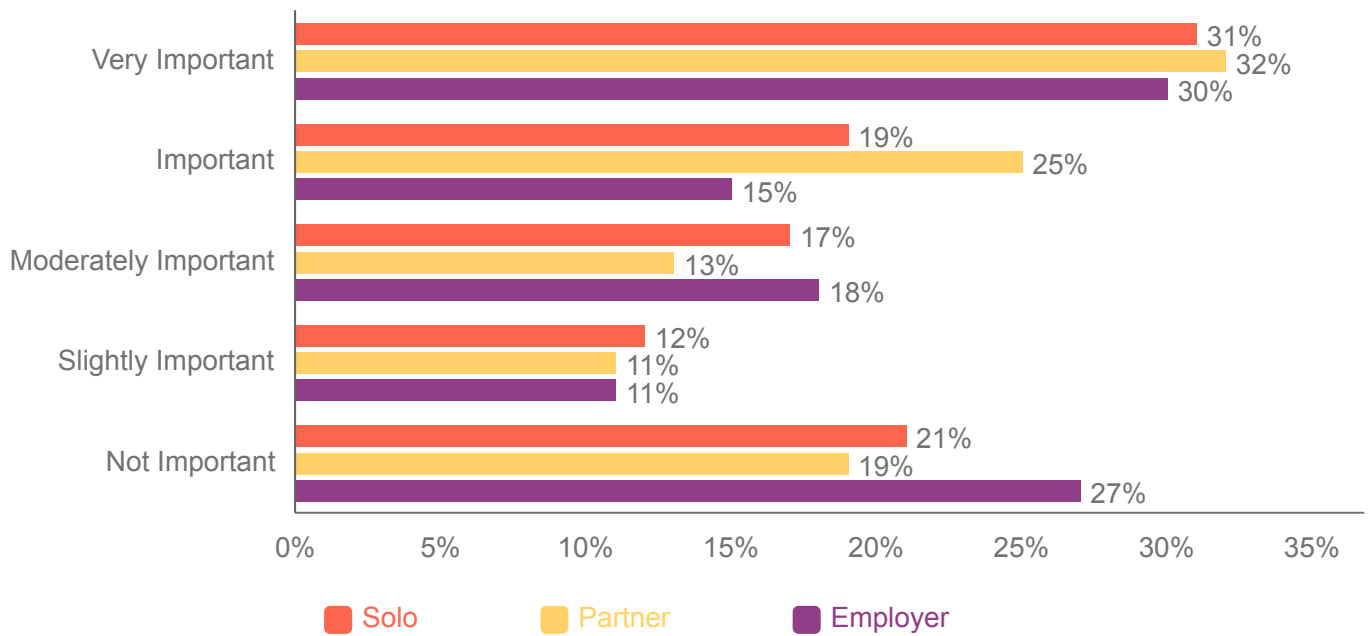
South Africa's women entrepreneurs surveyed reported a strong dedication to job creation; 90% reported that job creation was a "very important" (74%) or "important" (16%) consideration in starting their business. Dedication to job creation was consistent across business type, size, and age of respondent. About three-quarters reported that creating a job for themselves was a "very important" consideration in starting their businesses; this was also consistent across respondent characteristics.

74% noted that, as a business owner, job creation is very important to them

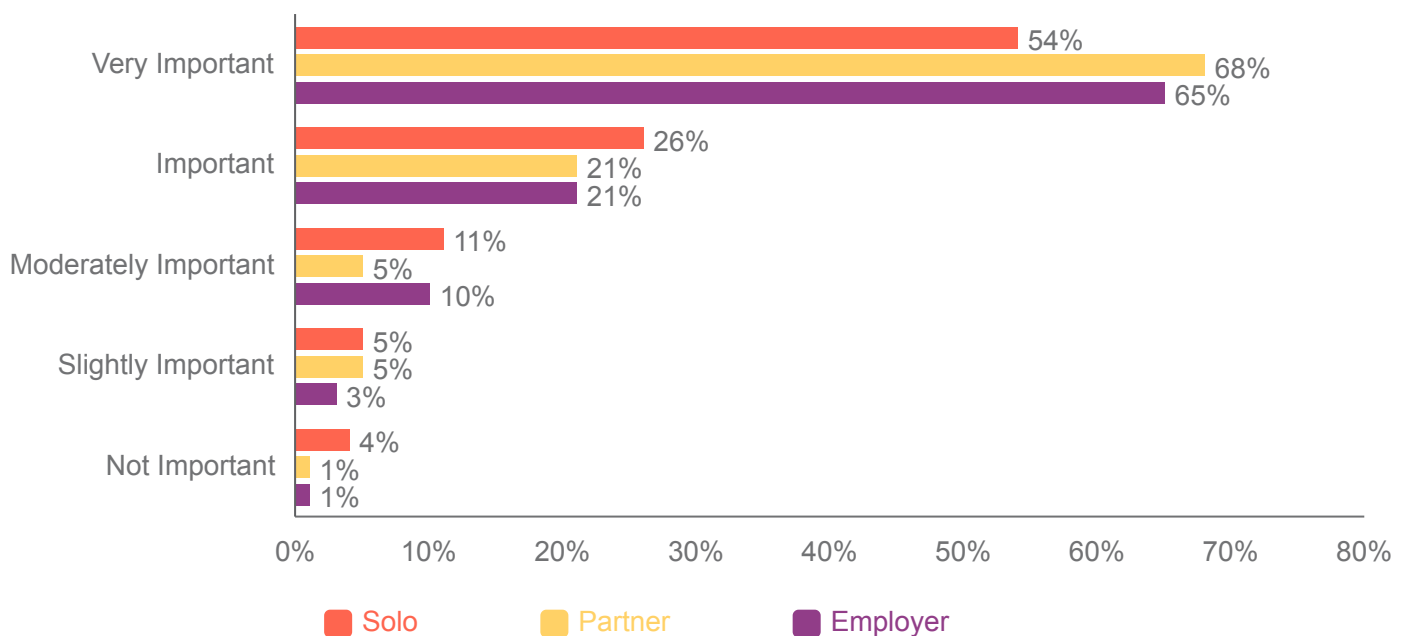
[Motivation to Start Business] To Create a Job for Yourself?



[Motivation to Start Business] To Create a Job for Your Family Members?



[Motivation to Start Business] To Create a Job for Others in Your Community?



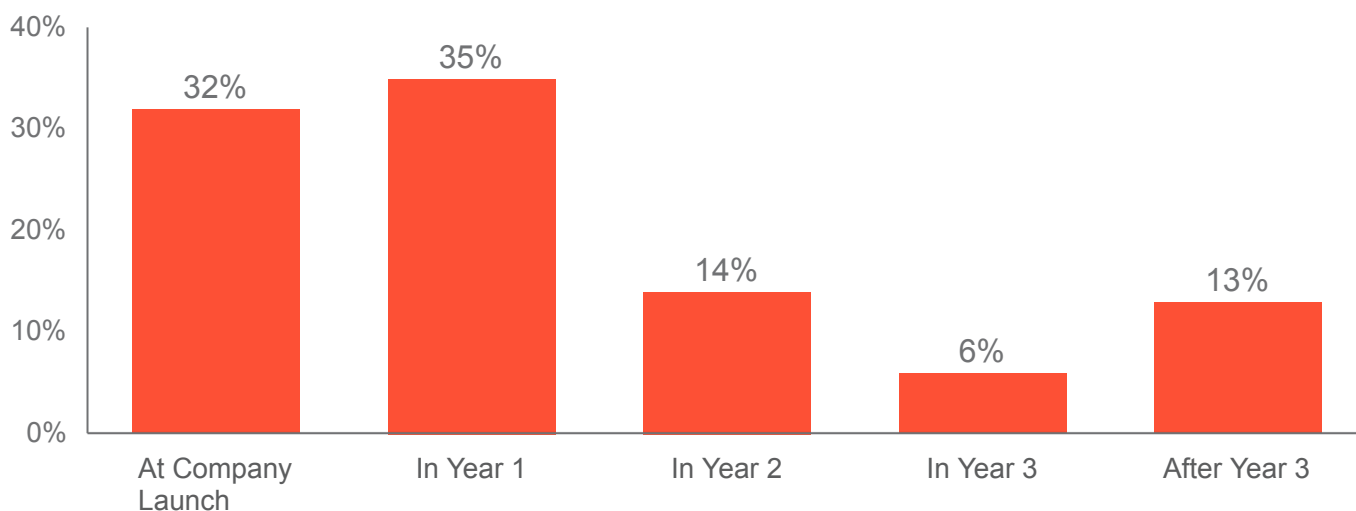
About half of South Africa’s women entrepreneurs surveyed also reported that among their motivations for starting their own businesses was the opportunity to create a job for their family members; about half considered creating jobs for family members to be a “very important” or “important” motivation. Even more important than creating jobs for members of their family, women entrepreneurs reported that creating jobs for others in their communities was a strong motivation for starting their businesses; 84% responded that this was a “very important” or “important” motivation.

SOUTH AFRICA'S WOMEN ENTREPRENEURS AS EMPLOYERS

Little attention is paid to the role of South Africa's women entrepreneurs as job creators. As a third of the South African Women Entrepreneurs Job Creators Survey respondents were women who lead businesses that employ staff other than owners and partners (n=302), the survey provides valuable insights into the experience of South Africa's women entrepreneurs as employers. These women are currently employing, on average, 29 employees (the "typical," or median, entrepreneur employed five staff, while the top 1% had a thousand or more employees).

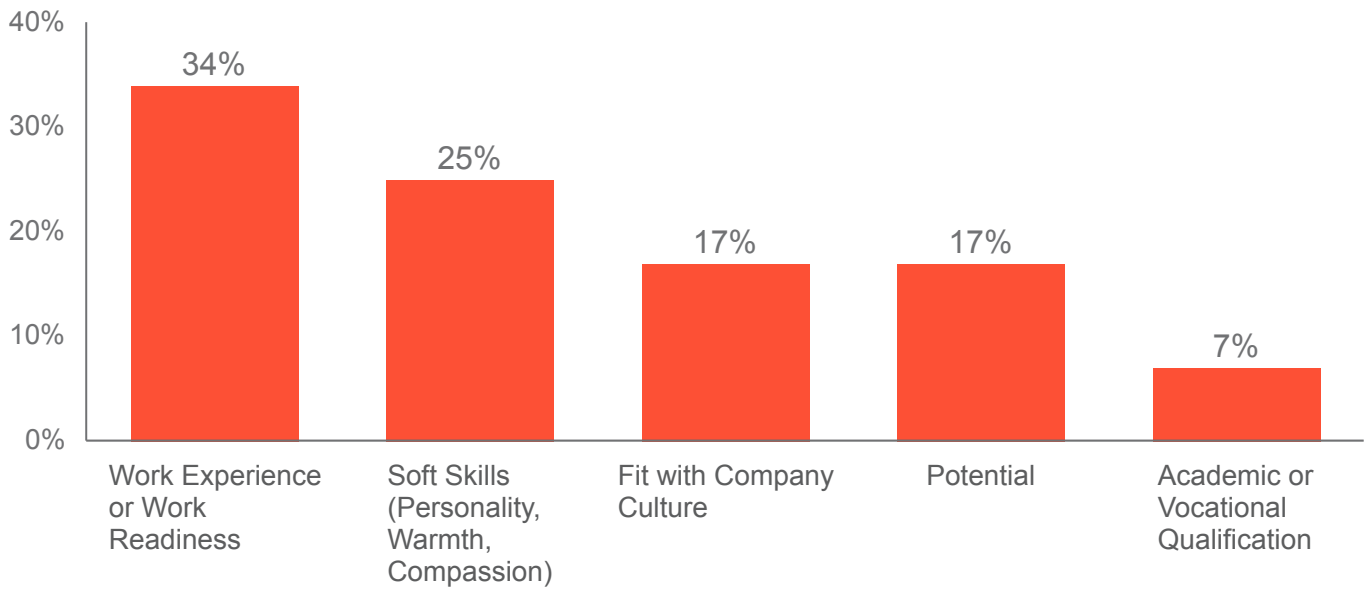
The survey offers insights into the growth trajectories of women-led businesses in South Africa. The majority of companies with employees hired their first employee (excluding owners and partners) early in the life of their business, 67% within the first year.

[Among Employers] When Company Hired Its First Employee



South Africa's women entrepreneurs contribute significantly to human-capital development. Among the entrepreneurs surveyed who employ staff, 80% reported having provided employee training in the past 12 months. Much of the employee training was in the form of on-the-job training within the company (79%), but 16% reported that they also make use of outside companies for staff training.

[Among Employers] What Is Your Most Important Consideration When Hiring an Employee?



25% of employers considered soft skills to be the single most important attribute when making a hiring decision

South Africa's women entrepreneurs are less focused on credentials than on other characteristics of potential hires. When asked what their single most important consideration is when making a hiring decision, only 7% answered academic or vocational qualifications. More reported prioritizing factors like work readiness (34%) and soft skills (25%).

Employers were asked which methods they used to recruit staff. The most common was word of mouth (48%), followed by social media (17%), advertising on online job-recruitment sites (11%), recruitment agencies (10%), and advertising through their own websites (7%). A small number recruited walk-ins (4%).

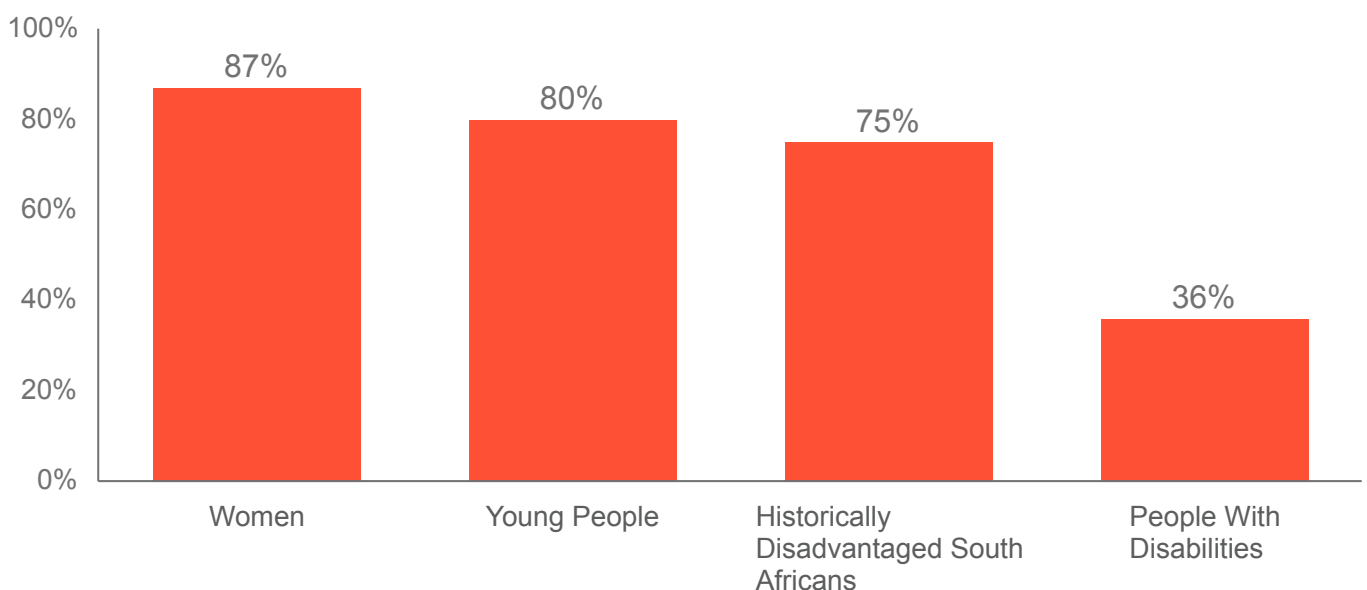
Respondents were also asked about potential barriers to job creation. 78% responded that government regulation and red tape affected their ability to create jobs; solo entrepreneurs and partners were more likely to report regulations and red tape as a constraint on hiring than were employers. When employers were asked about the cost of hiring and training staff, 49% noted this was a barrier to job creation.



Responses reveal that South Africa’s women entrepreneurs who are employers engage in many preferential-hiring practices. Most commonly, 87% indicate preferential-hiring practices for women, young people (80%), and historically disadvantaged South Africans (75%). 36% noted preferential hiring for people with disabilities.

There were no significant differences in hiring practices by company age, but there were differences by company size. Women leading smaller companies were significantly more likely to report preferential-hiring practices for women and young people, whereas medium and large companies were significantly more likely to report preferential hiring practices for people with disabilities.⁶

Does Your Company Practice Preferential Hiring for Any of the Following?





COVID-19 AND EMPLOYMENT

South Africa's women entrepreneurs who participated in this survey reported that COVID-19 led to changes in their current and planned staffing and their revenue generation.⁷ The impact of COVID-19 on employment of existing staff was unevenly distributed. Among those survey respondents who are employers, 28% needed to reduce their staff as a result of COVID-19 (by an average of nine employees), 35% did not have a change to their staffing numbers, and 37% increased the number of staff (by an average of six employees). Women who lead businesses in the secondary sector experienced the most friction in employment; this sector saw both the largest losses and the largest job gains. Companies that reduced staffing tended to be larger and older than companies that increased staffing or had no staffing changes during the pandemic, suggesting that younger, smaller companies may have been more resilient.

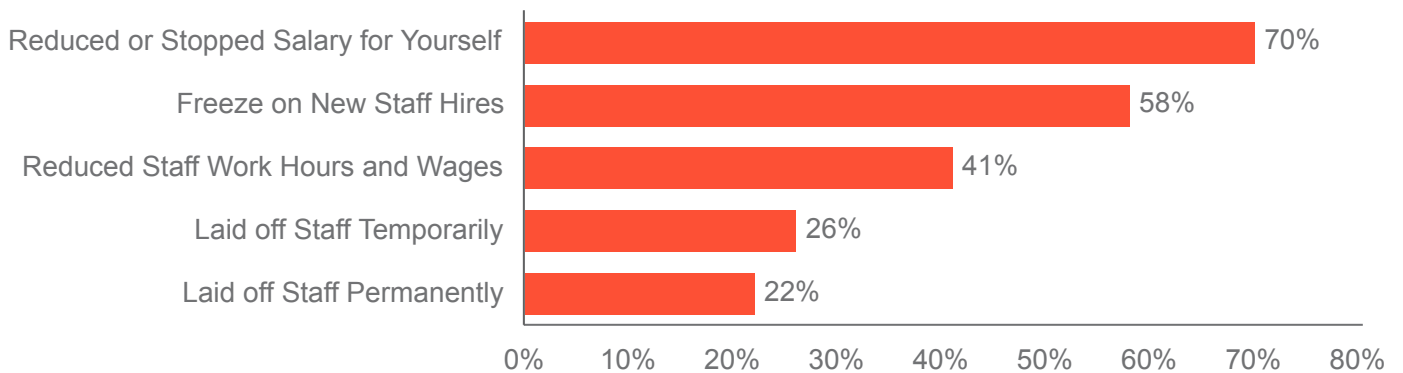
28% of employers reduced their staff as a result of COVID-19

Staffing changes during the pandemic obscure foregone employment (because of stalled or discontinued plans) and underemployment (reduced hours) as a result of the pandemic. Entrepreneurs (across types) engaged in strategic responses to cope with the impacts of COVID-19.

RESPONSES ADOPTED TO COPE WITH THE IMPACTS OF COVID-19

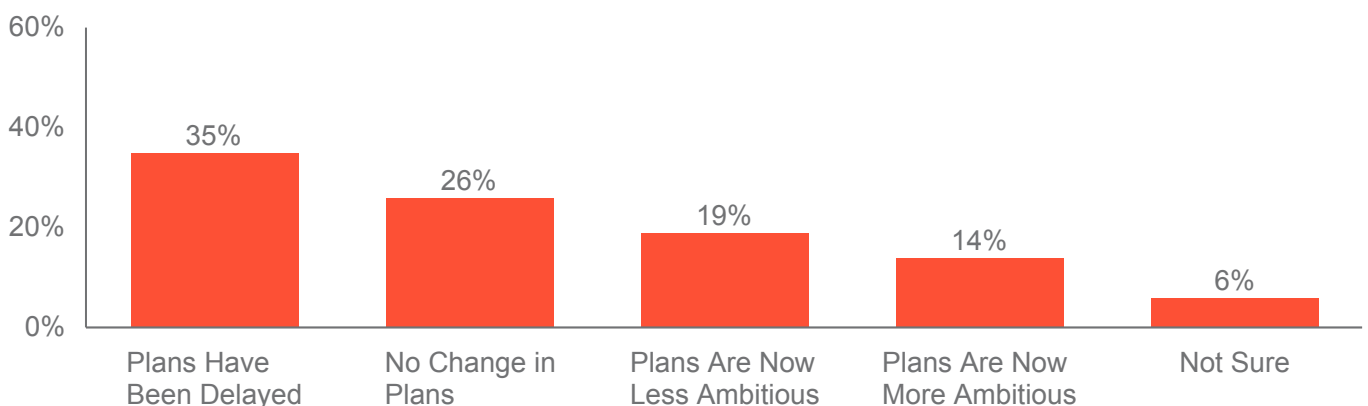
South Africa's women entrepreneurs who are employers made several changes to their staffing in response to the COVID-19 pandemic. Over a half (58%) froze new hires, 41% reduced staff hours and wages, and a half laid off staff (22% laid off staff permanently and 26% temporarily). COVID-19 responses also affected the salaries that women entrepreneurs themselves received, with more than two-thirds reporting that they had either reduced their own salaries or stopped paying a salary to themselves.

[Among Employers] Have You Adopted Any of the Following Strategies to Cope With the COVID-19 Pandemic?



More than half the companies (54%) reported that their staffing plans have been delayed or have become less ambitious with COVID-19. A quarter reported no change in plans, and 14% reported staffing plans that are now more ambitious than they would have been in the absence of the COVID-19 pandemic.

How Has the COVID-19 Pandemic Affected Your Company's Staffing Plans?

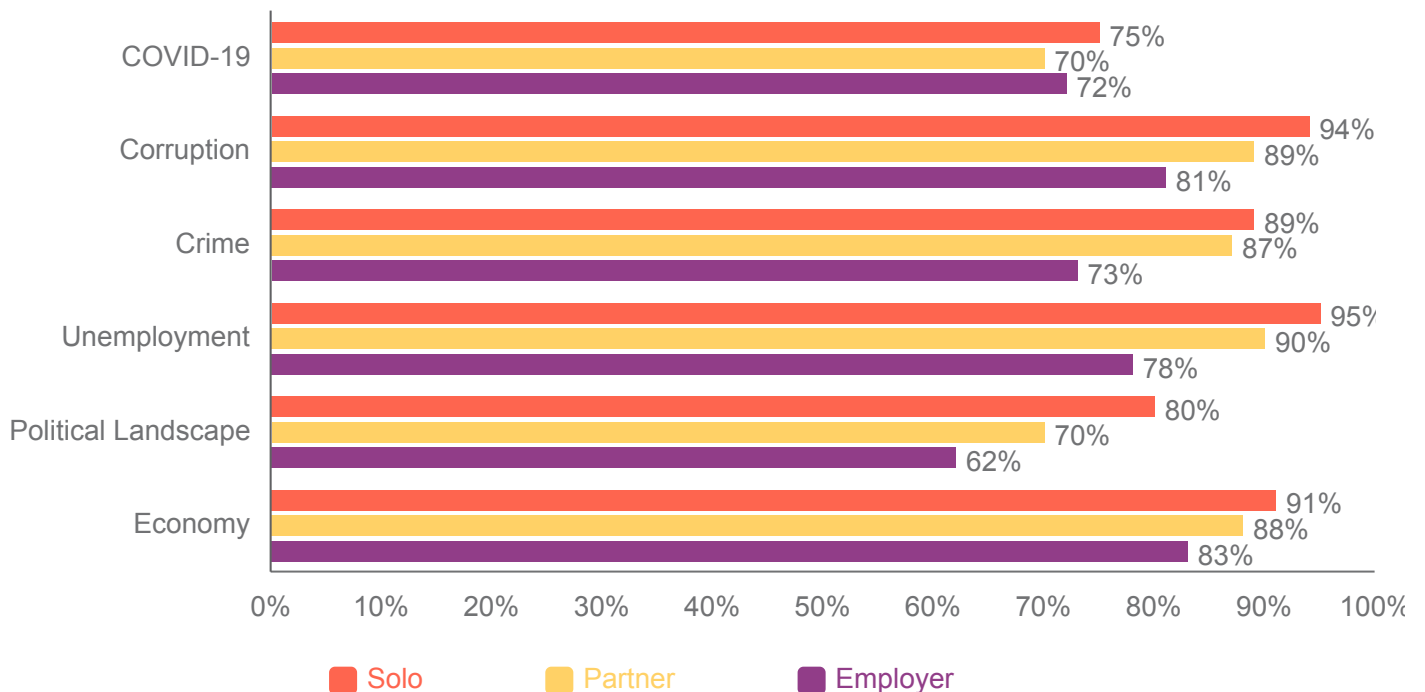


COVID-19 IN THE CONTEXT OF OTHER CONCERNS

Survey respondents were asked about their concerns regarding the impact of COVID-19 as well as several other pressing social issues (unemployment, corruption, the economy, crime, and the political landscape) on businesses in South Africa. COVID-19 was an issue of concern (about three-quarters of women entrepreneurs reported they were “extremely” or “very” concerned), but women entrepreneurs expressed even greater concern about other social issues presented.



Percent Responding “Extremely” or “Very Concerned” About the Impact of the Following Issues on Their Businesses

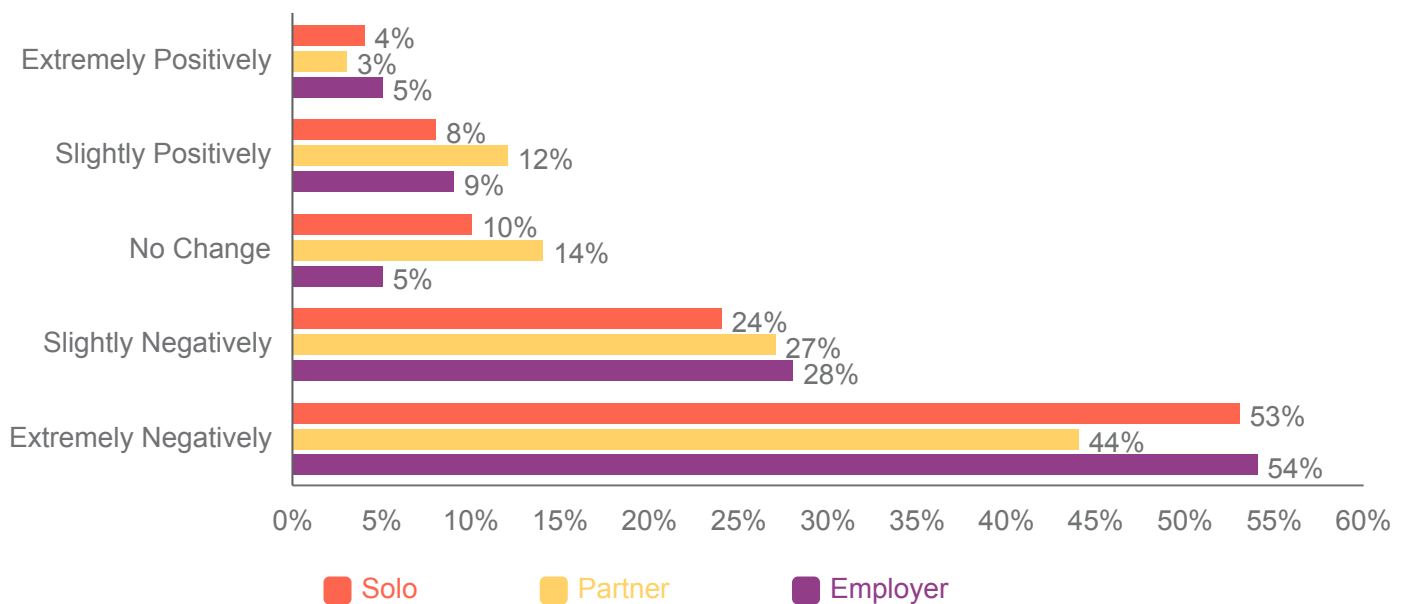


Aside from concerns related to COVID-19, of the three entrepreneur types, solo entrepreneurs consistently expressed the most concern and employers expressed the least concern, regarding all social issues raised.

COVID-19 AND REVENUES

The vast majority of women entrepreneurs experienced revenue losses as a result of COVID-19, with roughly a half reporting that the revenue impacts were extremely negative. Women entrepreneurs who are employers were most likely to report that COVID-19 negatively affected their revenues (82%), followed by solo entrepreneurs (77%) and partners (71%). A minority of women entrepreneurs (13%) experienced revenue growth during COVID-19.

How Has COVID-19 Impacted Your Business Revenues?

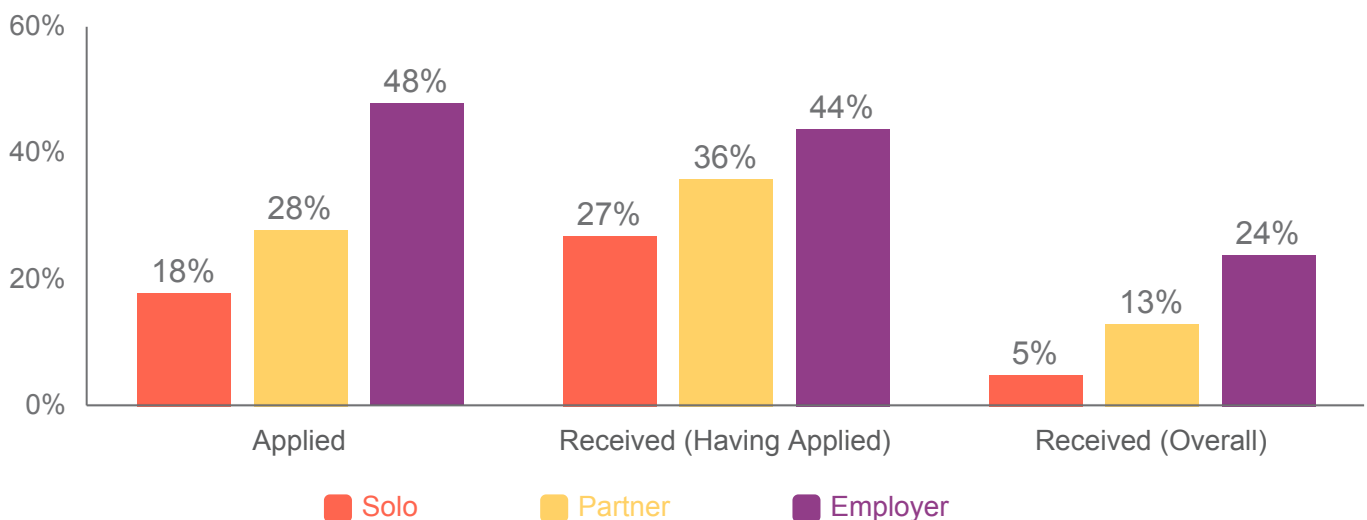




ACCESSING GOVERNMENT ASSISTANCE PROGRAMS DURING COVID-19

Survey responses reveal substantial differences by business type in applying for and receiving government business-assistance programs. Overall, 24% of employers, 13% of women in partnerships, and 5% of solo entrepreneurs reported receiving assistance from a government business-assistance program. Women entrepreneurs leading businesses that employ staff were much more likely (48%) to report applying for a COVID-19 business-assistance program than were women in non-employing partnerships (28%) or solo entrepreneurs (18%). Businesses with employees were also significantly more likely to receive the assistance, with employing entrepreneurs being more than four times as likely to receive assistance as were solo entrepreneurs.

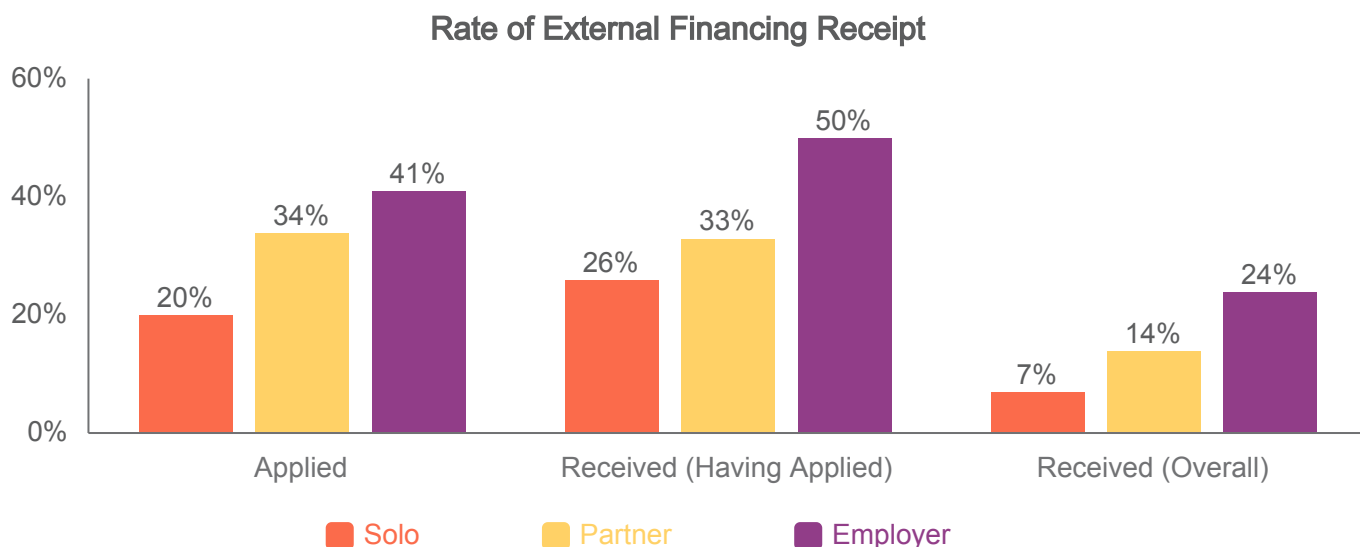
Rate of Business-Assistance Program Participation



ACCESS TO EXTERNAL FINANCING

Only 14% of respondents reported that they had received external financing for their businesses within the past 12 months. 29% reported that they had applied for external financing; of those who had applied, 39% received it. There were substantial differences in access to external financing by business type, with employers being significantly more likely to apply for funding and to receive it. Only 7% of solo entrepreneurs received external financing. Younger entrepreneurs (35 and under) were the most likely to apply for external financing (56%); of those who had applied, 34% received it. Older entrepreneurs (55 and over) were less likely to apply for external financing (25%) but were the most likely to receive financing if requested (67% of those who had applied received it). Smaller companies (annual revenues of R 250,000 or less) were less likely to apply for external financing, and if they did apply, were less likely to receive it. There was geographic variation in access to external financing; women in Mpumalanga, KwaZulu-Natal, and the Free State were the most likely to request and receive external financing.

Only 14% of women entrepreneurs received external financing in the past 12 months

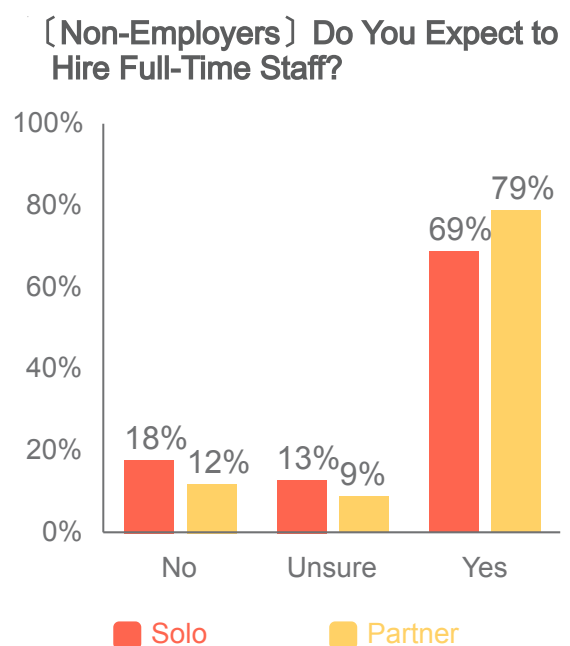
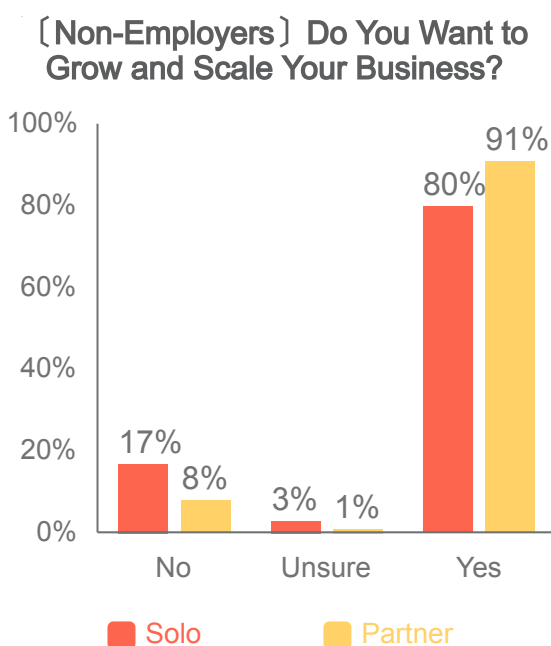


HIRING PLANS

Among the entrepreneurs who employ staff, over a third considered current staffing levels to be inadequate for their needs and 41% were actively recruiting. Of those who were hiring, 73% reported that they were hiring to help meet demand, 12% to bring additional skills into the business, and 12% were hiring (or rehiring) to replace employees who had left or were let go.

41% of employers were actively recruiting

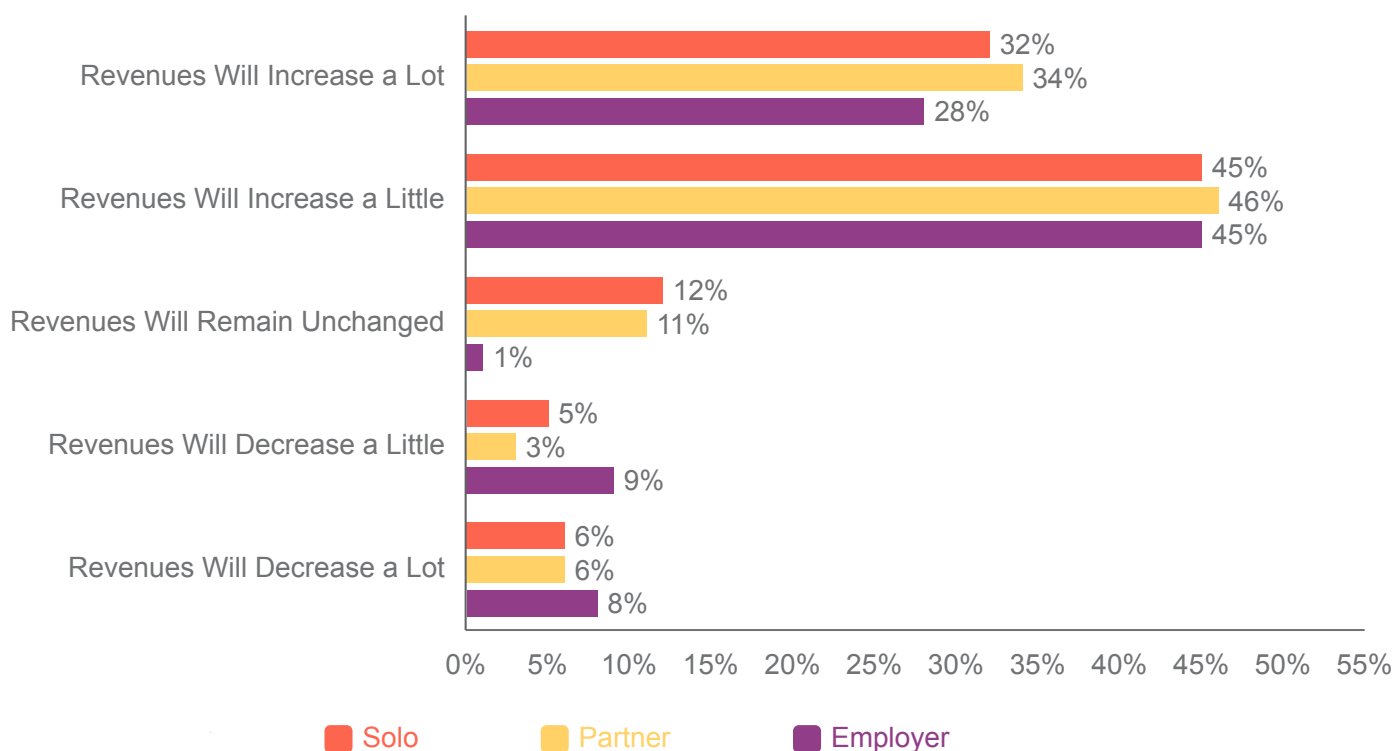
While the discussion above focuses on South Africa's women entrepreneurs who have employees, solo entrepreneurs and those in partnerships that do not have employees should not be overlooked; these women-led businesses also bolster the labor market in significant ways. 85% of South Africa's women entrepreneurs in non-employing partnerships and 78% of solo entrepreneurs reported that they hire or work with other self-employed freelancers or independent contractors. The majority of these women have growth in their plans: 79% of those in partnerships and 69% of solo entrepreneurs plan to make full-time hires at some point in the future, while 91% and 80%, respectively, reported that they plan to grow and scale their business.



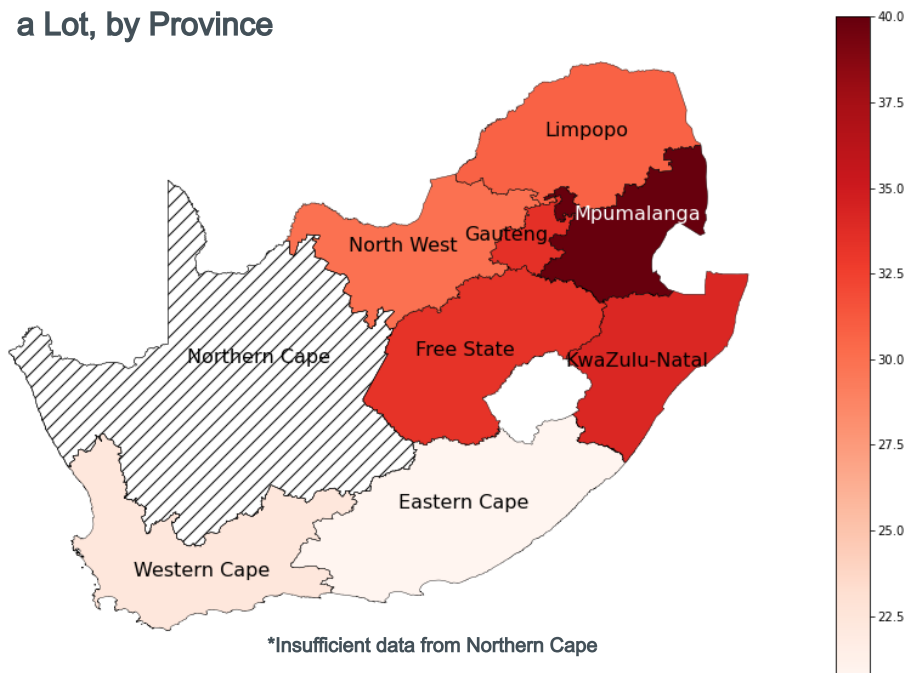
OPTIMISTIC OUTLOOK

Across business types, South Africa's women entrepreneurs expressed optimism about their revenue outlook for 2021; 76% of respondents expect to increase their revenues. Respondents in Eastern Cape were the least optimistic in their revenue projections, while those in Mpumalanga were the most optimistic.

Projected Revenues for 2021

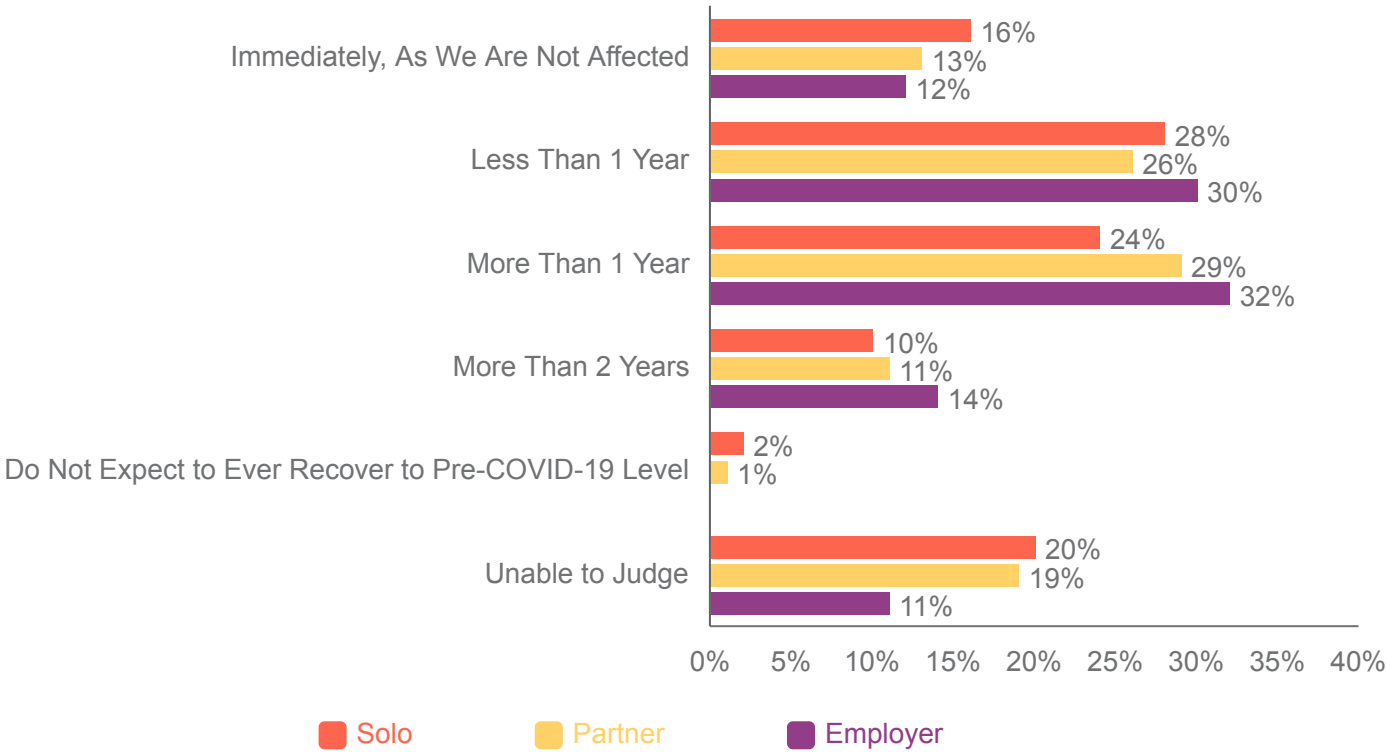


Percentage of Respondents Anticipating Revenues to Increase a Lot, by Province

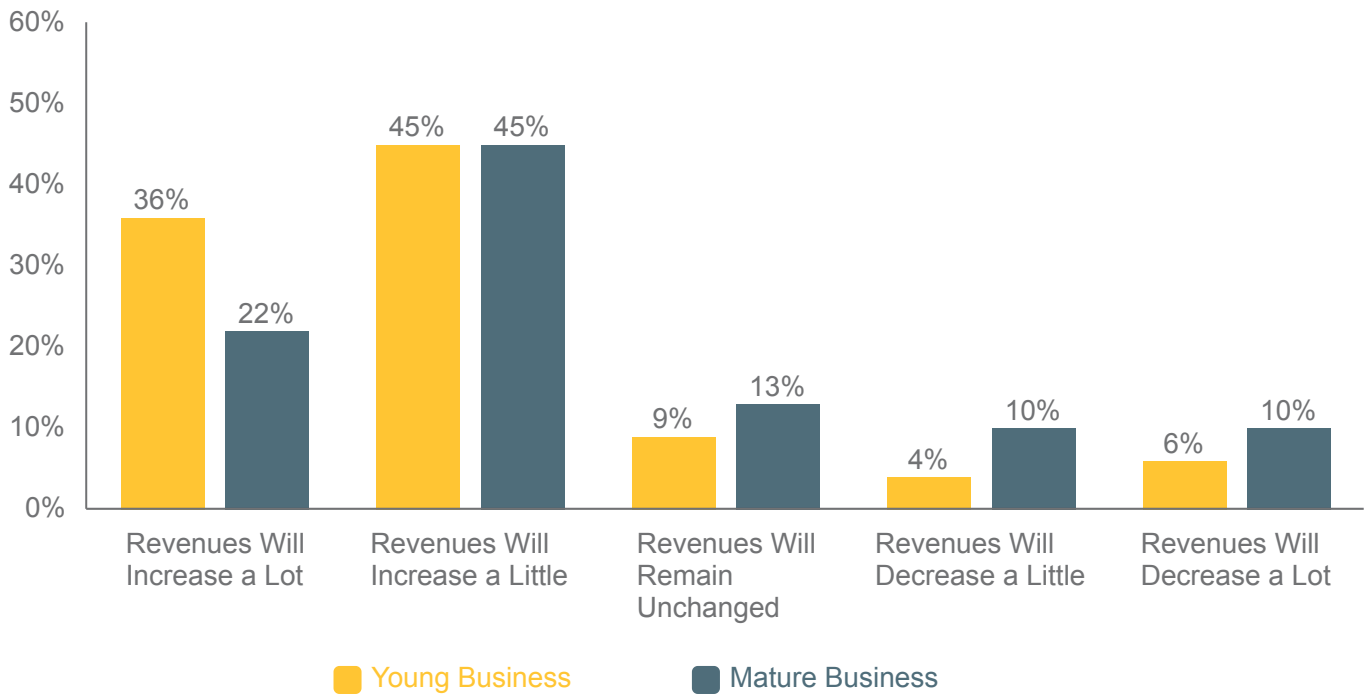


Women entrepreneurs were similarly optimistic about the timeline for their businesses to recover from the impact of the pandemic, with the vast majority expecting to recover within two years. 14% reported that their businesses were unaffected by COVID-19. A number of respondents reported uncertainty about the future of their businesses in the wake of COVID-19; 17% responded that they were unable to judge whether or when their businesses would recover. Solo entrepreneurs and partners indicated somewhat greater uncertainty about their futures than employers did.

How Long Do You Expect It Will Take for Your Business to Recover from the Impact of COVID-19?



Projected Revenues for 2021, by Age of Business



Women entrepreneurs leading younger businesses (those established within the past five years) had the most optimistic revenue outlook; 81% of all respondents projected an increase in revenues in 2021, compared with 67% of women leading businesses established more than five years ago. Among businesses with employees, women leading younger businesses were also more likely to report that they were actively recruiting new staff; 44% of women leading younger businesses were actively hiring, compared with 36% of women leading more mature businesses.





ROSIER OUTLOOK FOR THOSE WITH A DIGITAL FOOTPRINT

Respondents were asked whether a majority of their goods or services were sold through an app or online marketplace, providing an opportunity to explore the characteristics of companies with a digital footprint and the relationship between digital entrepreneurship and anticipated recovery from COVID-19.

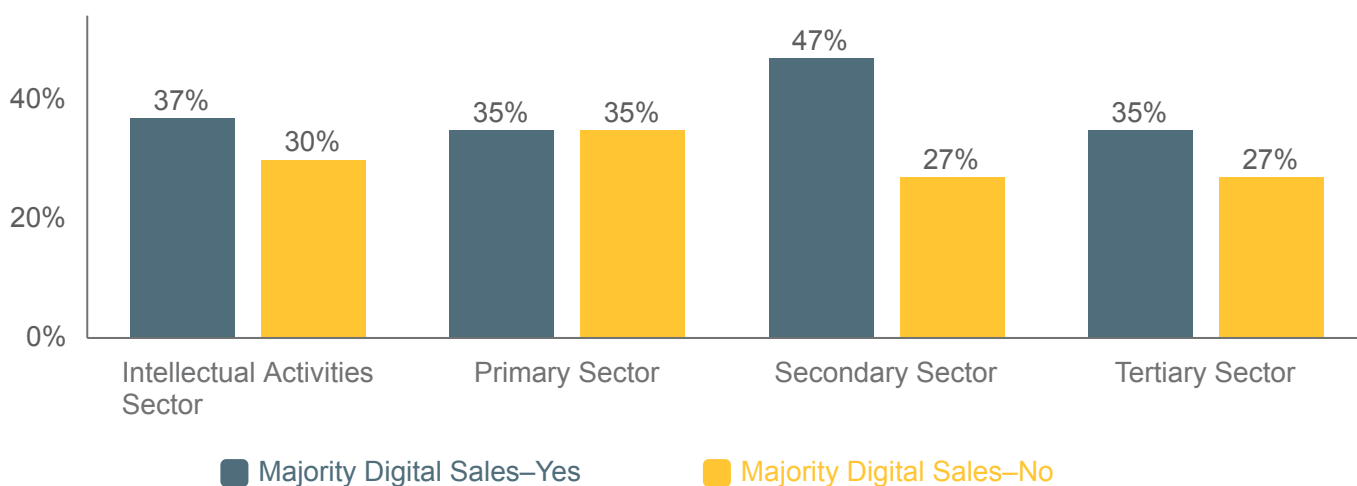
Younger entrepreneurs (35 and under) and those leading smaller businesses were more likely to report selling a majority of their products through an app or online marketplace. Younger companies (founded within the past five years) were significantly more likely to make most of their sales digitally. Similarly, solo entrepreneurs and those in partnerships were more likely to sell the majority of their products through an app or online marketplace than were employers.

Businesses with a digital presence were somewhat more resilient during COVID-19; women leading businesses whose products were sold through an app or online marketplace were more likely to report that their businesses were not affected by COVID-19 or that they expected a fast recovery (within less than 12 months). They were also more likely to project revenue increases for 2021. Across all sectors, the women who were selling a majority of their products through an app or online marketplace were the most optimistic about their future revenues (projecting “large revenue increases” for 2021).

The most striking difference was in the secondary sector, where 47% of entrepreneurs who made mostly digital sales projected a large revenue increase, compared with only 24% of their non-digital counterparts.

Only the primary sector did not show a significant difference in women entrepreneur’s projected revenues based on digital sales.

Percent Projecting “Large Revenue Increases” for 2021, by Majority Digital Sales



Expectations surrounding future hiring also varied substantially between women leading companies with majority digital sales compared to those without. When asked what their expectations are regarding jobs in their company over the next 12 months, 35% of women leading businesses that make the majority of their sales through an app or online marketplace responded that they expected jobs to increase a lot, compared with only 22% of women who were not embracing digital sales.



CONCLUSION

The South African Women Entrepreneurs Job Creators Survey provides insights into the experiences of 913 women entrepreneurs in South Africa. These women span all nine provinces and represent a range of business sectors and business types, from solo entrepreneurs to large businesses with thousands of employees. Survey responses indicate a deep commitment to job creation among South Africa's women entrepreneurs.

The survey demonstrates that South Africa's women entrepreneurs contribute to the country's human-capital development in important ways, including through preferential-hiring practices. A sizable share noted preferential hiring for historically disadvantaged South Africans, women, and young people. Responses also indicate the active role these business leaders take in staff development, through on-the-job training and other approaches to skill acquisition.

The survey responses underscore the manifold challenges these women face; for many, COVID-19 was a substantial setback to their business. Only small shares of women were able to access government COVID-19 business assistance or to secure external financing when needed; access to external resources was particularly challenging for younger entrepreneurs and those leading small enterprises. Most of the women surveyed experienced sizable losses in revenues due to COVID-19, which has affected their plans for growth and hiring.

Despite the blows that COVID-19 dealt these women, the survey reveals great optimism. The majority of respondents anticipate that their businesses will recover from the impact of COVID-19 within two years; they anticipate growth in revenues and are either actively recruiting new staff or planning for near-term hires. Women-led businesses with a digital presence demonstrated greater resilience during COVID-19; those that made the majority of their sales through an app or online marketplace were less likely to be affected by COVID-19 and had more-optimistic projections about their future revenues.

Overall, South Africa's women entrepreneurs report a strong dedication to their communities and see a role for themselves and other women entrepreneurs in creating jobs. Their motivations in launching their business enterprises reflect their interests in supporting themselves and their families as well as their commitment to uplifting others.

ABOUT THE COLLABORATORS

New York University

The Marron Institute of Urban Management at New York University is a provostial institute that operates as a think-do tank. The Institute's mandate is impact. It invests in faculty and practice scholars who conduct on-the-ground research and programming, working alongside practitioners and the publics they serve to gain insights and test new approaches with the potential to dramatically improve the quality of life in cities across the globe. The Institute brings a multidisciplinary approach, with expertise in the natural and social sciences, engineering, and governance. Through innovation, experimentation, and data analysis, the Institute promotes responsive decision-making in all sectors. The Institute addresses critical challenges in development and public services across six continents.

For further information about the Marron Institute, visit www.marroninstitute.nyu.edu

Lionesses of Africa

Lioness Data is the research and insights unit of Lionesses of Africa Public Benefit Corporation, a social enterprise advancing Africa's women entrepreneurs. Lioness Data taps into a growing network of over 1.3 million women entrepreneurs across Africa to extract actionable insights that help investors, policy makers, and development agencies make faster and better data-driven decisions. Lionesses of Africa builds and delivers development programmes, business tools, community platforms, digital media, networking events and information resources that women entrepreneurs need—connecting them with key global markets for growth. Lionesses of Africa's community stretches across 54 African countries and thousands of users in the Diaspora in Europe and North America.

For further information about Lionesses of Africa, visit www.lionessesofafrica.com

Absa Group Limited

Absa Group Limited ('Absa Group') is listed on the Johannesburg Stock Exchange and is one of Africa's largest diversified financial services groups. Absa Group offers an integrated set of products and services across personal and business banking, corporate and investment banking, wealth and investment management and insurance. Absa operates in 14 countries. The Group owns majority stakes in banks in Botswana, Ghana, Kenya, Mauritius, Mozambique, Seychelles, South Africa, Tanzania (Absa Bank Tanzania and National Bank of Commerce), Uganda and Zambia and has insurance operations in Botswana, Kenya, Mozambique, South Africa and Zambia. Absa also has representative offices in Namibia and Nigeria, and securities entities in the United Kingdom and the United States.

For further information about Absa Group Limited, visit www.absa.africa



NOTES

1. Economic Commission for Africa. (2021). Increasing women's access to capital critical in Africa's fight against poverty: Women entrepreneurs continue to face greater barriers to accessing financing for their businesses. March 19. New York: United Nations Africa Renewal.
<https://www.un.org/africarenewal/news/increasing-women%E2%80%99s-access-capital-critical-africa%E2%80%99s-fight-against-poverty>
2. Sonia Elks. (2019). "Sexist" data is holding women back, Bill and Melinda Gates say. February 15. Geneva: World Economic Forum.
<https://www.weforum.org/agenda/2019/02/sexist-data-is-holding-women-back-bill-and-melinda-gates-say>
3. By contrast, Uganda, Botswana, and Ghana rank among the global leaders in women business-owner representation; with 39.6%, 38.5%, and 36.5%, respectively, of businesses being owned by women.
4. Mastercard. (2020). The Mastercard Index of Women Entrepreneurs 2020 Report. New York: Mastercard.
https://www.mastercard.com/news/media/1u1py5at/ma_miwe-report-2020.pdf
5. The Women Entrepreneurs Job Creators Survey instrument and study procedures were reviewed by faculty and researchers from New York University (NYU) and a PhD researcher in South Africa. Survey items were reviewed for relevance and the appropriateness of response options, and the survey length was designed to minimize the burden on respondents. To ensure clarity and interpretability, the instrument was pre-piloted on ten women who would have been likely survey takers; the instrument was refined based on their feedback. To protect the privacy of study participants, no personally identifiable information was collected at any point during the study. The study adhered to US federal guidelines on research involving human subjects, in accordance with federal regulations (45 CFR 46.101(b)). Study data were obtained and recorded in such a manner that no human subject can be identified either directly or through identifiers linked to subjects. Data processing and outcomes analyses were conducted by data scientists at NYU.
6. Company size is based on 2020 revenues.
7. Estimates of the number of employees gained and lost during COVID-19 were derived by calculating the difference between the respondents' answers to the questions, "How many people does your company currently employ (excluding owners and partners)?" and "How many people did your company employ on 1 January, 2020 (excluding owners and partners)?"

ACKNOWLEDGMENTS

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