

Women top success rates in SME survey

The SME Survey 2014, an annual study of factors behind the success of small and medium enterprises (SMEs) in South Africa, has found that a small business owned by a women has a better chance of being profitable than one run by a man.

Equally surprising is that those companies owned by couples or a mix of genders are substantially less likely to be profitable than those operated by either male or female-owners.



"While this result may seem like a big win for women, it comes with an immediate qualifier: the level of female ownership is exceptionally low," says Arthur Goldstuck, SME Survey principal researcher and MD of World Wide Worx.

To provide perspective on profitability and gender differences, the overall picture of South African small business shows that they are doing reasonably well, although only a small proportion - less than one in five - is thriving: 17% of SMEs surveyed are 'strongly profitable' while 45% are 'just profitable'. However, this does leave a significant percentage under some distress: 38% are not making a profit.

Genders results

Against the overall result, it emerges that of the male owned SMEs:

- 20% are strongly profitable• 49% are just profitable

While of the jointly owned SMEs:

- 16% are strongly profitable• 37% are just profitable

And of the female owned SMEs

- 15% are strongly profitable• 63% just profitable

This equates to 78% of women-owned businesses being profitable, well ahead of the 70% for men.

However, the most considerable difference is recorded in jointly owned organisations, where just 53% are profitable. "This shows that there are additional challenges which come with owning a business together with your spouse or partner, or where joint owners have different personal agendas or management styles," Goldstuck says.

Men still dominate

In terms of overall ownership, men dominate, with 48% owning SMEs, while jointly owned businesses account for 44%. Just 8% of South African SMEs are female-owned businesses. Women entrepreneurs and company owners going it on their own are therefore in a small minority in the SME environment.

"There is a massive gender imbalance in entrepreneurship. This tells us that women are not given enough encouragement or support to become entrepreneurs."

Previous editions of SME Survey provide another clue for the imbalance. "We've seen in the past that best training for entrepreneurship and business ownership is on-the-job experience. There is a further implication, therefore, that not enough women get opportunities in the workplace to start with."

Government is the exception

Government is the exception that proves this rule. "Parliament is the one place where we've seen gender equality implemented but the approach certainly hasn't been filtering through to the rest of the economy."

The Small Enterprise Development Agency (Seda) says, while government has recognised and acted to correct gender imbalances inherited from patriarchal societal conventions, it is clear that more needs to be done in the private sector.

"Women continue to be marginalised as far as small business ownership is concerned," agrees Lusapho Njenge, chief strategy and information officer at Seda. "The problem appears systemic; it therefore has to be addressed at a systemic level, starting at school and extending through the workforce to give women not only the skills, but the confidence to start their own businesses."

SME Survey 2014 is sponsored by the Small Enterprise Development Agency (Seda), Business Connexion and Microsoft. It is the original and largest representative survey of SMEs in South Africa and has contributed groundbreaking research into the forces shaping SME competitiveness and sustainability since 2003.

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