

SA women remain underrepresented among the ranks of entrepreneurs

While South Africa has made progress in reducing the gender bias for women engaging in early stage entrepreneurial activities, the number of women business owners remains constrained by a lack of entrepreneurial intent, perceived business opportunities, and shortage of support and resources such as capital and training, according to findings from the second Mastercard Index of Women Entrepreneurs (MIWE).



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South Africa moves up one place from last year to rank 22nd (score of 64.2) on the Index, which tracks female entrepreneurs' ability to capitalize on opportunities granted through various supporting conditions within their local environments.

The index uses three components made up of 12 indicators and 25 sub-indicators to look at how 57 economies around the world differ in terms of the level of Women's Advancement Outcomes, Knowledge Assets & Financial Access, and Supporting Entrepreneurial Factors.

Despite a healthy MIWE score, women account for only 18.8% of business owners in South Africa (rank 42), indicating that their progress in entrepreneurship has been disappointingly low compared to other countries measured. Ghana (46.4%) ranks first in the world with the highest number of women business owners, followed by Russia (34.6%), Uganda (33.8%), New Zealand (33%) and Australia (32.1%).

"Today, women entrepreneurs play an increasingly vital role - socially, professionally and economically - in driving the South Africa economy. However, they remain underrepresented among the ranks of entrepreneurs. This discrepancy is not just a gender issue, it is an issue of economic growth which needs to be addressed," says Mark Elliott, division president of Mastercard, Southern Africa.



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South Africa moved up six places from 30th in 2017 to 24th in the “Women’s Advancement Outcome” component, which measures women’s progress and degree of marginalisation as business leaders, professionals, entrepreneurs and labour force participants. This was fueled by an increase in the Women Entrepreneurial Activity Rate Indicator in 2018, which saw a narrowing of the gender gap with 5.9% of working-age women in the labour force engaged in early-stage entrepreneurial activities compared to 8.4% for men. However, the actual percentage of females engaged in early-stage entrepreneurial activities decreased by 15.7% year-on-year, while for males, it declined by a significant 27.6%.

“This parallels a persistent trend of low entrepreneurial intention and activity in South Africa and is not surprising given that the country experienced several economic and political headwinds in 2016 and 2017,” says Elliott. “An accelerated and concerted focus on improving entrepreneurial skills, business opportunities, access to funding, as well as promoting entrepreneurship as a respectable career for women to dismantle negative social and cultural perceptions will foster a more enabling environment for women entrepreneurs.”



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SA excels in the knowledge assets and financial access

South Africa excels in the “Knowledge Assets and Financial Access” component (score 84.3, rank 6), which gauges women’s progress and degree of marginalisation as financial customers and academically in terms of tertiary education enrollment. Not only are women as well-educated as their male counterparts in tertiary education, they have near-equal access (99%) to financial services to men. On the downside, women were affected by a decline in support for Small and Medium Enterprises, including the availability of finance, training and development programmes for women.

South Africa slid two places from 31st (score of 62.4) in 2017 to 33rd in 2018 (score of 60.6) in the “Supporting Entrepreneurial Conditions” component of the Index, which benchmarks how supportive entrepreneurial conditions are as enablers or constraints of women business ownership. While South Africa performs moderately for ease of doing business and for quality of governance, it scores lower for cultural perceptions of women entrepreneurs and entrepreneurial supporting factors.

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