

Strategies Adopted by Women Entrepreneurs to Ensure Small Business Success in the Nkonkobe Municipality, Eastern Cape

Agholor Deborah Ewere¹, Emmanuel O. Adu² and Seriki Idowu Ibrahim³

University of Fort Hare, South Africa

Telephone: ¹<+27 78 929 7081>, ²<+27 84 925 1948>, ³<+27 73 200 0697>

E-mail: ¹<deborahewere@yahoo.com>, ²<eadu@ufh.ac.za>, ³<iseriki@ufh.ac.za>

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ABSTRACT The important role women entrepreneur plays to combat unemployment should not be underestimated, especially in countries with growing unemployment rates such as South Africa. This study examined the strategies adopted by women entrepreneurs to ensure small business success in the Nkonkobe Municipality, Eastern Cape. The objectives of the study were to identify business strategies adopted by women entrepreneurs to remain sustainable and completely effective in the market. The study also identified the impact of financial challenges on failure of women entrepreneurs. The study adopted survey research design. A structured questionnaire was used to elicit information from the respondents and simple random sampling method was used to select the samples for this study. The instrument that was validated and its reliability measured was analysed using descriptive and inferential statistics. The findings showed that the strategies adopted by women entrepreneurs have a positive effect on the success of small businesses. Recommendations were given to women entrepreneurs to take some time to study the nature of challenges other women have faced in business and possibly provide solutions to such issues before starting their own business.

INTRODUCTION

Traditionally, the entrepreneurship sector is mainly dominated by males. However, a number of studies which have been conducted recently show that there is an increase in the number of females starting up their own businesses (Forbes 2013). The World Bank stated that approximately half of the world's economic growth in the last decade can be attributed to the contributions of female entrepreneurs (Coughlin and Thomas 2002). Jackson (2013) also agreed that women entrepreneurs play a crucial role in entrepreneurship. Jackson (2013) again, notes that it is estimated that there are more than 10 million self-employed women in the European continent. It is also estimated that women entrepreneurs occupy more than 50 percent of the entrepreneurship sector in Southeast Asia (Coughlin and Thomas 2002).

The International Labour Organisation (2008) stated that women-owned businesses play a specific role in stimulating economic growth and job creation in most developing countries in the African continent. It is also known that Lesotho women entrepreneurs own 17 percent of the manufacturing sector (Lebakeng 2008).

In South Africa, women represent 52 percent of the total population and a number of studies show that more women are engaging into entrepreneurship since the attainment of indepen-

dence in 1994. The global Entrepreneur Monitor is of the view that South African women play a greater role in unlocking economic growth in the country. Van der Merwe (2002) stated that the government of South Africa, resultantly, have been focusing on provision of training to previously disadvantaged entrepreneurs. This clearly shows that the government of South Africa also values the importance of women as entrepreneurs, because successful entrepreneurs are able to enhance socio-economic development in both developed and developing countries.

Statement of the Problem

From the aforementioned, the study identified strategies which are adopted by women entrepreneurs to counter challenges of survival and to prosper in the long run.

Purpose of Study

The purpose of study is to examine the strategies adopted by women entrepreneurs to ensure small business success in the Nkonkobe Municipality, Eastern Cape.

Research Questions

1. To what extent do you think the production methods strategy improve on the performance of SMEs?

2. How does human resources management strategy improve on the performance of SMEs?
3. In what way does marketing strategy will improve the performance of SMEs?
4. To what extent do you think research and development improves the performance of SMEs?

Factors That Motivate Women to Start a Business

There are many factors that motivate women to start up a business, amongst many are: personal motivating factors, flexibility of self-employment, social oriented factors, economic factors and other general factors.

Personal Motivating Factors

According to Jalbert (2000: 16), women's personal motivations for starting a business are associated to their need to be independent, accomplish job satisfaction, achieve self-actualization, to be creative, have liberty and total control. Women entrepreneurs are also motivated by both financial rewards and own rewards such as being one's own manager, having liberation, freedom, total control and placing one's information and skills into practice (Bradley and Boles 2003: 12).

Winn (2004: 150) observed that women start their own businesses because they want independence, control and that they are assured that their businesses will deliver income and personal satisfaction.

Mallon and Cohen (2001: 227) argued that women start their business for better freedom, independence, stability and the capability to live by a personal value system that is often valuable within the organization. Organizations may limit, contain, aggravate or dissatisfy, where self-employment offers them chance of freedom and personal integrity.

According to Heilman and Chen (2003: 360), an aspect that is very attractive and which might attract women into entrepreneurship is the point that an individual's career success will be reliant on her personal value while running her own business, and not the presumptions and prejudices of others in the work place.

Lebakeng (2008: 87) found that women are motivated to start their own business by both

push and pull factors. The most vital motivators for starting a business are the need for independence, flexible work schedules, dissatisfaction with salaried jobs, challenges, social status, influence of role models and insufficient family income.

Kock (2008: 102) concluded that women entrepreneurs mostly settle for self-employment by pull factors rather than push factors. According to a previous study, the main reasons for women entrepreneurs to start a business are the need for self-fulfillment, challenge and confidence in the product or service offered.

Flexibility of Self-employment

Bradley and Boles (2003: 21) stated that flexibility is an important motivational aspect for women with children, since self-employment has its benefit of merging work with taking care of a child.

According to Wasilczuk and Zieba (2008: 161), the precise motivation for women to start a business is the need to balance their family and profession. The flexibility of self-employment with the benefit of balancing work with family duties is an important factor for women to start a business (Heilman and Chen 2003: 360). Winn (2004: 145) mentioned that before a woman chooses a type of business, she carefully looks at her family condition and the problems these responsibilities might impose.

Weiler and Bernasek (2001: 100) indicated that women choose self-employment instead of wage employment to achieve greater flexibility in the time that will be allocated to work and time towards family responsibilities. In some circumstances they are prepared to trade off higher earnings for more time that can be dedicated to family responsibilities.

Verheul et al. (2004: 13) believed that a flexible work schedule such as part-time work could inspire the involvement of women in the economy by merging work and household responsibilities. Nevertheless, the accessibility of flexible work schedules might have a destructive impact on women entrepreneurship, because this might make available an encouragement for women to become wage-employed.

Socially Oriented Factors

Researchers found that women have more socially oriented intentions before starting a

business. Women start businesses to “make a difference”. This makes them more clients focused than men (McClelland et al. 2005: 13).

In South Africa, women want to create an improved environment for their communities and families and are extremely mindful of the social contribution their businesses can make to help others. Women believe that it is possible to generate something both having socially integrity and being economically viable, and mix their business relationships with other relationships in their existence including their families and links to the community (McClelland et al. 2005: 9). Winn (2004: 150) also found that women start their business to make a contribution socially in addition to economic motives.

Economic Factors

Women entrepreneurs are established more in low-income countries with higher rates of birth. For women in these countries, participation in entrepreneurship may mean that self-employment is a way to avoid establishment and cultural limitations and provides essential family income. Hence, better economic security like welfare payments or steady employment is related to less opportunity and essential entrepreneurship in these countries (Minniti and Arenius 2003: 11).

Verheul et al. (2004: 7) found that wealth increase within the economy inclines to be accompanied by technological improvement and increase in the service sector, which might generate opportunities for women entrepreneurs.

General Factors

General factors pointed out by Maas and Herrington (2006: 51) that may have a positive influence on women in South Africa and pull them into entrepreneurship are the following:

- ♦ government policies are favoring formerly underprivileged groups such as women;
- ♦ more role models exist for women entrepreneurs;
- ♦ being rivals against male entrepreneurs might motivate women to show themselves;
- ♦ interacting with other women entrepreneurs helps them to develop themselves; and
- ♦ Women want to become financially independent.

The flexibility in their businesses permits them to manage their personal requirements, like caring for their families and it is clear that women entrepreneurs can offer and deliver the same services as corporate companies at a lower cost to customers (Maas and Herrington 2006). Running their own businesses presents women entrepreneurs the opportunity to gain experience, improve them and recognize their self-potential.

Entrepreneurial Success

Without a clear definition, researchers may communicate an individual explanation on success. Weber and Schafer (2007) used mere existence as an alternative for success, but the lack of failure does not spontaneously compare to the existence of success. An alternative definition of business success depends on how long an entrepreneur can survive and prevent uncontrolled withdrawal; the more successful the business is (Van Praag 2003).

According to Hisrich (2000), success is measured in terms of sales growth, income growth, employment trends and satisfaction.

Entrepreneurial success according to Nieman et al. (2003: 14) is attributed to personal characteristics and managerial skills. The personal success factors of entrepreneurs are creativity and innovation, risk taking orientation, leadership, good human relations, a positive attitude, perseverance and commitment. Managerial success factors on the other hand, include planning, knowledge of competitors, mainly being market oriented, delivery client service, setting a high quality as priority, financial insight and management, knowledge and skills with regard to the business (Nieman et al. 2003: 15).

Entrepreneurial Venture versus Small Business

It is essential to distinguish between an entrepreneurial venture and a small business. Both are important to the performance of the economy, but serve different economic functions. Wickham (2001) believed that entrepreneurs pursue and create new opportunities differently. They fulfil the desires of their founders and managers in different ways, and they present different challenges to economic policy makers. Both need entrepreneurial action to start-up, but the small businesses will tend to stabilise at a certain stage.

Small business owners are individuals who begin and manage their businesses for the major purpose of promoting personal goals and making sure of security (Watson 2001: 50). Thus, a small business is any business that is individually owned and operated, but is not dominated in its field and does not engage in any new marketing or innovative practices (Carland et al. 1984: 358).

RESEARCH METHODOLOGY

Research Design

The study adopted descriptive survey research design to investigate strategies adopted by women entrepreneurs to ensure small business success in the Nkonkobe

Population/Sample

The study covered women entrepreneurs in manufacturing, retailing, construction, engineering and wholesaling businesses. Most women entrepreneurs are concentrated in these divisions and contribute significantly to the economy of the province. The simple random sampling techniques was used to select 45 (forty-five) women

Validity and Reliability of Research Instrument

A structured questionnaire was used to elicit information from the respondents. The instrument was validated by the experts in the same field and Cronbach alpha was used to measure its reliability. The reliability coefficient is $r=0.74$.

Data Administration and Analyses

The instrument was administered to the respondents with the support of research assistants. The data collected was analysed using descriptive and inferential statistics of Chi-Square statistics

RESULTS AND DISCUSSION

Response Rate

The researcher distributed a total of forty-five questionnaires to female entrepreneurs and not all forty-five questionnaires were received

from participants. The response rate of the study is shown in the Table 1.

Table 1: Response rate

<i>No. of questionnaires distributed</i>	<i>No. of questionnaires returned</i>	<i>Response rate</i>
45	39	86.67%

Demographic Information

The purpose of this section is to identify and discuss the demographic factors that are mainly related to SME entrepreneurs owners or managers conducting business in Alice. Questions peculiar to the firm such as age of respondent, educational qualifications of respondent, and position in business.

Position in Business

The question on position in the business is essential to determine the percentage of women owned business compared to the women who are managers of the entrepreneurial venture. The percentage of position occupied by respondents in the entrepreneurial venture is essential in this study as illustrated in Table1.

Table 2: Position in business

<i>Total respondents</i>	<i>Owner</i>	<i>Manager</i>
	<i>No. (%)</i>	<i>No. (%)</i>
39	33 (85%)	6 (15%)

Table 2 illustrates that of the total respondents, 85 percent owned the business with 15 percent managing the business. This is consistent with the studies done by Fatoki and Asah (2011) which argued that a large percentage of SMEs in South Africa are being managed by their owners because of lack of finance to employ skilled managers.

Level of Education

The level of education obtained by respondents is important to determine the qualification women entrepreneurs hold in their various business as shown in the Table 3. From Table 3, all the respondents had some form of formal education with 46.2 percent having a certificate, followed by 25.6 percent that have high school qualification. 10.3 percent have diploma and

primary school qualifications respectively and 7.7 percent have bachelors' degree.

Table 3: Level of education

<i>Education qualification</i>	<i>Frequency of respondents</i>
Bachelors	3 (7.7%)
Diploma	4 (10.3%)
Certificate	18 (46.2%)
High school	10 (25.6%)
Primary school	4 (10.3%)

Age Group distribution

It is essential to identify the age range of respondents as shown in Table 4. The results from Table 4 indicate that female entrepreneurs in the study area were predominantly below the age of 45, with 30.8 percent of the respondents being below the age of 25 and 28.2 percent being between the age of 26-35 and 36-45 respectively. Nonaka and Takeuchi (1995) explained that age is generally considered to be an important factor in relation to tacit knowledge which is usually acquired over time through training and work experience.

Research Question 1: To what extent do you think the production methods strategy improve on the performance of SMEs?

From the results presented in Table 5, 41 percent of the respondents strongly agreed and 41

Table 5: Production methods as a strategy

	<i>Strongly agree</i>	<i>Agreed</i>	<i>Undecided</i>	<i>Disagreed</i>	<i>Strongly disagree</i>
Changing or reinventing production methods	41.0	41.0	15.4	2.6	0
Improving existing products to meet changing customer needs	59.0	30.8	7.7	0	2.6
Developing new products	61.5	25.6	2.6	2.6	7.7
Emphasising product quality	56.4	38.5	0	0	5.1
Emphasising cost reduction in all areas of business	48.7	41.0	0	5.1	2.6

Table 6: Human resource management as a strategy

	<i>Strongly agree</i>	<i>Agreed</i>	<i>Undecided</i>	<i>Disagree</i>	<i>Strongly disagree</i>
Involving employees in decision making	48.7	33.3	10.3	5.1	2.6
Assessing employee performance	41.0	43.6	7.7	0	7.7
Assessing employee job satisfaction	51.3	35.9	10.3	0	2.6
Emphasizing employee productivity	69.2	25.6	5.1	0	0
Using clear policies in reward and punishment of employees	38.5	38.5	12.8	7.7	2.6

Table 4: Age group

<i>Age group of the respondents</i>	<i>Percentage</i>
Below 25	30.8
26-35	28.2
36-45	28.2
46-55	10.3
56-65	2.6

percent of respondents also agreed that production methods improved the performance of SMEs, as compared to 2.6 percent who disagreed and 15.4 percent who were undecided. According to Aremu and Adeyemi (2014), Small and medium enterprises have been considered as the engine of economic growth and for promoting equitable development and reinventing production method due to technological development and dynamism of the society play crucial roles in sustaining economic growth and development.

Research Question 2: How does human resources management strategy improve on the performance of SMEs?

From the Table 6, it can be said that human resource management as a strategy adopted by women entrepreneurs helps to improve the business and enhance success as 48.7 percent of women entrepreneurs strongly agreed, 33.3 percent agreed to these strategies compared to 2.6 percent who strongly disagreed, 5.1 percent who disagreed and 10.3 percent who were undecided. According to Ijose (2014), strategic human

resource management plays a pivotal role in promoting small and medium scale businesses and sustained competitive advantage in business enterprises.

Research Question 3: In what way does marketing strategy will improve the performance of SMEs?

The result obtained from marketing being a strategy for success, is that 71.8 percent strongly agree and 10.3 percent agreed, as compared to 2.6 percent who strongly disagrees, 2.6 percent disagree and 12.8 percent are undecided on advertising being a tool for success. The work of Yadav (2013) showed that the understanding of marketing strategy is imperative for the success of small and medium enterprises (Table 7).

Research Question 4: To what extent do you think research and development improves the performance of SMEs?

From Table 8, 53.8 percent of women entrepreneurs strongly agreed and 17.9 percent agree that consulting technical experts improves the performance of their business, compared to 12.8 percent that disagreed with the question. Also, 35.9 percent of women entrepreneurs strongly agree and 28.2 percent agree that attempting to predict industry trends and acquisition of competitor's activities while 12.8 percent disagree, 10.3 percent strongly disagree and 12.8 percent are undecided on the question. This is supported by Ogechuckwu (2014) that research and development play a crucial role in the development of small and medium enterprising.

CONCLUSION

This study has made effort to make a contribution to the area on the strategies adopted by

women entrepreneurs to ensure small business success and has shown findings and recommendations. The literature review revealed various elements within the field of women entrepreneurs market, information technology and infrastructure, managerial skills and training among others. A good understanding of the strategies adopted by women entrepreneurs in South Africa has been clearly identified and discussed in details and commendations or implications to these challenges have also been discussed.

RECOMMENDATIONS

The literature and the empirical results clearly showed that business strategies adopted by women entrepreneurs are essential for the successful running of a business in South Africa. However, most women do not take factors into consideration that are imperative for the success of their business. Women entrepreneurs should take some time to study the nature of challenges other women have faced in business and possibly provide solutions to such issues before starting their own business. There is also a need for adequate preparation before venturing into a business, which women should take note of.

There is also need for women who are successful in business to assist other women who are just coming into business through a mentorship programme or encourage the start-ups to join the business incubators. The creation of the incubators serve as part of the wider evolution of business clusters and enterprise development in South Africa, this is aimed at promot-

Table 7: Marketing as a strategy

	<i>Strongly agree</i>	<i>Agreed</i>	<i>Undecided</i>	<i>Disagree</i>	<i>Strongly disagree</i>
Advertising products	71.8	10.3	2.6	12.8	2.6
Extending customer credit	23.1	17.9	5.1	41.0	12.8
Pricing products at market price	15.4	15.4	2.6	51.3	15.4
Emphasizing customer service	56.4	30.8	2.6	5.1	5.1
Selling products to direct users	69.2	25.6	0	2.6	2.6

Table 8: Research and development

	<i>Strongly agree</i>	<i>Agreed</i>	<i>Undecided</i>	<i>Disagree</i>	<i>Strongly disagree</i>
Consulting technical experts	53.8	17.9	12.8	0	0
Attempting to predict industry trends and acquiring knowledge of competitors' activities	35.9	28.2	12.8	12.8	10.3

ing entrepreneurs and can help to reduce the challenges these women are likely to face in business.

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