Global Entrepreneurship Monitor



SOUTH AFRICA REPORT 2023/2024

SHAPING ENTREPRENEURSHIP DEVELOPMENT THROUGH POLICY DIRECTION

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REPORT SPONSORS

Stellenbosch University

Over the past century, Stellenbosch University has grown into a quality South African higher education institution with the vision of being one of the continent's leading research-intensive universities, globally recognised as excellent, inclusive and innovative, and as a place where knowledge is advanced in service of society.

Stellenbosch University attracts outstanding students, employs talented staff and is a world-class environment connected to the world, while enriching and transforming local, continental, and global communities.

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It is the first school from an African university to receive all three major international accreditations: AACSB, EQUIS and AMBA. This Triple Crown of accreditations is held by an elite group of just over 100 business schools worldwide.

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Seda

Seda was established in December 2004 through the National Small Business Amendment Act (Act 29 of 2004). It is mandated to provide business development support services to existing small enterprises and aspiring entrepreneurs through its national network, in partnership with other role players in the small enterprise ecosystem.

Seda provides non-financial support to small enterprises and cooperatives. Services are accessible through its fifty-four branches and over one hundred incubation centres and hubs nationwide.

Seda has been mandated by the Department of Small Business Development to provide innovative small business development support services based on comprehensive and rigorous research in line with globally accepted standards. For this outcome, Seda has for many years and continues to partner with the Stellenbosch Business School in supporting the South African chapter of the Global Entrepreneurship Monitor (GEM) study, which produces standardised, reliable, and economy comparative data to inform decision-making about entrepreneurship and small business development in South Africa.

During the writing of this report, the President of South Africa signed the National Small Enterprise Amendment Bill, 2023 into law. This introduces a new approach to supporting small businesses through the establishment of the Small Enterprise Development Finance Agency (SEDFA). This state-owned entity incorporates and consolidates the Small Enterprise Financing Agency (Sefa), the Small Enterprise Development Agency (Seda), and the Co-operative Banks Development Agency (CBDA), to simplify the business development support ecosystem, and foster economic growth and inclusivity. SEDFA's primary focus is to provide comprehensive and integrated financial and non-financial assistance, and to provide business advice, investment support, and incubator services. It is envisaged that this will enhance support for Micro Small and Medium Enterprises (MSMEs), and Cooperatives, and facilitate the development of a streamlined business development support ecosystem, increased access to finance, and to address disputes and late payments.

University of Johannesburg

The DHET-NRF SARChI Chair in Entrepreneurship Education was awarded to the University of Johannesburg and Prof Cecile Nieuwenhuizen as chairholder and was established in 2019. The research programme of the Chair centres on entrepreneurship SMME education, training, development and related issues, such as policies, the regulatory environment, programmes and support affecting entrepreneurs. The primary focus is on entrepreneurship development in South Africa, but this is supported by research on international best practices in entrepreneurship education and entrepreneurial framework conditions. The research programme constitutes the central activity of the Chair. Research is undertaken primarily by the holder of the Chair and by others linked to and funded through the Chair, as well as in collaboration with other researchers at UJ, including from the Departments in the College of Business and Economics and at other South African and international universities and research institutions.

The research programme focuses on at least the following four focus areas within the broad field of entrepreneurship development:

- Post school entrepreneurship education and training
- Entrepreneurial framework conditions
- Entrepreneurship and innovation
- Corporate entrepreneurship, intrapreneurship and high-growth ventures

KEY GEM DEFINITIONS AND ABBREVIATIONS

APS	Adult Population Survey
EBO	Established Business Ownership
EEA	Entrepreneurial Employee Activity
EFC	Entrepreneurial Framework Conditions
GDP	Gross Domestic Product
NECI	National Entrepreneurial Context Index
NES	National Expert Survey
NFC	National Framework Condition
OECD	Organisation for Economic Co-operation and Development
SDGs	Sustainable Development Goals
SEA	Social Entrepreneurial Activity
SMEs	Small and Medium-sized Enterprises
SMMEs	Small, Medium and Micro Enterprises

Adult population: Working-age adults, i.e. adults between the ages of 18 and 64 years.

Adult Population Survey (APS): The APS is a comprehensive interview questionnaire, administered to a minimum of 2 000 adults in each GEM economy, designed to collect detailed information on the entrepreneurial activities, attitudes and aspirations of respondents.

National Expert Survey (NES): The NES is completed by selected experts in each GEM economy and collects views on the context in which entrepreneurship takes place in that economy. It provides information about the aspects of a country's socio-economic characteristics that, according to research, have a significant impact on national entrepreneurship: referred to as the Entrepreneurship Framework Conditions (EFCs).

Total early-stage Entrepreneurial Activity (TEA): The percentage of adults (aged 18–64) who are starting or running a new business.

Established Business Ownership (EBO): The percentage of adults (aged 18–64) who are currently the owner-manager of an established business, i.e. owning and managing a business that has paid salaries, wages or any other payments to the owners, for more than 42 months.

Entrepreneurial Employee Activity (EEA): The rate of involvement of employees in entrepreneurial activities, such as developing or launching new goods or services, or setting up a new business unit, a new establishment or subsidiary, as part of their job.

Entrepreneurial Framework Conditions (EFCs): The conditions identified by GEM that enhance (or hinder) new business creation in a given economy, and form the framework for the NES. The conditions are:

- **A1. Entrepreneurial Finance:** Are there sufficient funds for new startups?
- **A2. Ease of Access to Entrepreneurial Finance:** And are those funds easy to access?
- **B1. Government Policy - Support and Relevance:** Do they promote and support startups?
- **B2. Government Policy - Taxes and Bureaucracy:** Or are new businesses burdened?
- **C. Government Entrepreneurial Programmes:** Are quality support programmes available?
- **D1. Entrepreneurial Education at School:** Do schools introduce entrepreneurship ideas?
- **D2. Entrepreneurial Education Post-School:** Do colleges offer courses in starting a business?
- **E. Research and Development Transfers:** Can research be translated into new businesses?
- **F. Commercial and Professional Infrastructure:** Are these sufficient and affordable?
- **G1. Ease of Entry: Market Dynamics:** Are markets free, open and growing?
- **G2. Ease of Entry: Burdens and Regulation:** Do regulations encourage or restrict entry?
- **H. Physical Infrastructure:** Is this sufficient and affordable?
- **I. Social and Cultural Norms:** Does culture encourage and celebrate entrepreneurship?

National Entrepreneurial Context Index (NECI): This summarises in one figure the average state of 13 national Entrepreneurial Framework Conditions selected by GEM researchers as the most reliable determinants of a favourable environment for entrepreneurship. It is calculated as the simple average of 13 variables that represent the EFCs, and which have been measured through a block of items evaluated by an 11-point Likert scale and summarised by applying factorial analyses (principal component method).

National Team: GEM is a consortium of "National Teams". Each team is led by a local university or other institution with a strong interest in entrepreneurship. The team is the official national representative of the project: responsible for collecting GEM data in the country on an annual basis, producing a "National Report" on their findings, and acting as the point of contact for GEM enquiries.

LIST OF GEM INDICATORS

Entrepreneurial Employee Activity (EEA)

Percentage of adults aged 18–64 who, as employees, have been involved in entrepreneurial activities such as developing or launching new goods or services, or setting up a new business unit, a new establishment, or a subsidiary, in the last 3 years.

Nascent Entrepreneurship Rate

Percentage of adults aged 18–64 who are currently nascent entrepreneurs, i.e. are actively involved in setting up a business they will own or co-own; this business has not yet paid salaries, wages, or any other payments to the owners for more than 3 months.

New Business Ownership Rate

Percentage of adults aged 18–64 who are currently owner-manager of a new business, i.e. who own and manage a running business that has paid salaries, wages, or any other payments to the owners for more than 3 months, but not for more than 42 months (3,5 years).

Total early-stage Entrepreneurial Activity (TEA)

Percentage of adults aged 18–64 who are either a nascent entrepreneur or owner-manager of a new business, i.e. the proportion of the adult population who are either starting or running a new business.

Established Business Ownership Rate (EBO)

Percentage of adults aged 18–64 who are currently owner-manager of an established business, i.e. who are owning and managing a running business that has paid salaries, wages, or any other payments to the owners for more than 42 months (3,5 years).

Business Exit Rate

Percentage of adults aged 18–64 who have exited a business in the past 12 months, either by selling, shutting down or otherwise.

Perceived Opportunities

Percentage of adults aged 18–64 who agree that they see good opportunities to start a business in the area where they live.

Perceived Capabilities

Percentage of adults 18–64 who agree that they have the required knowledge, skills and experience to start a business.

Knowing a Startup Entrepreneur

Percentage of adults aged 18–64 who personally know at least one person who has started a business in the past 2 years.

Fear of Failure Rate (opportunities)

Percentage of adults aged 18–64 who agree that they see good opportunities but would not start a business for fear it might fail.

Ease of Starting a Business

Percentage of adults aged 18–64 who agree that it is easy to start a business in their country.

Good Career Choice

Percentage of adults aged 18–64 who agree that starting a new business is a desirable career choice.

High Status

Percentage of adults aged 18–64 who agree that people successful at starting a new business have a high level of status and respect.

Media Attention

Percentage of adults aged 18–64 who agree that they often see stories in the public media and/or the internet about successful new businesses.

TEA Sector

Percentage of TEA in: extractive, business services, transforming, and consumer services sectors.

Motive for Starting a Business: "To make a difference in the world"

Percentage of TEA who agree that a reason for starting their business is "to make a difference in the world".

Motive for Starting a Business: "To build great wealth or very high income"

Percentage of TEA who agree that a reason for starting their business is "to build great wealth or a very high income".

Motive for Starting a Business: "To continue a family tradition"

Percentage of TEA who agree that a reason for starting their business is "to continue a family tradition".

Motive for Starting a Business: "To earn a living because jobs are scarce"

Percentage of TEA who agree that a reason for starting their business is "to earn a living because jobs are scarce".

High Growth Expectation Entrepreneurial Activity

Percentage of adults aged 18–64 starting or running a new business (TEA) who expect to employ 6 or more people 5 years from now.

Internationally Oriented Entrepreneurial Activity

Percentage of adults aged 18–64 involved in TEA who anticipate 25% or more revenue coming from outside their country.

Innovation in Product/Services

Percentage of adults aged 18–64 involved in TEA having products or services that are either new to the area, new to their country, or new to the world.

Innovation in Technology/Procedures

Percentage of adults aged 18–64 involved in TEA having technology or procedures that are either new to the area, new to their country, or new to the world.

Market Scope

Percentage of adults aged 18–64 involved in TEA having customers locally, nationally and globally.

Opportunity Exploitation in Disruption

Early-stage entrepreneur: COVID-19 pandemic provided new opportunities to pursue a business.

Adoption Digital Technology

Early-stage entrepreneur: in response to the COVID-19 pandemic, the business is making use of digital technologies.

Social Sustainability

Early-stage entrepreneur: making decisions about the future of the business, considering social implications.

Early-stage entrepreneur: taking any steps to minimise the environmental impact of the business.

Environmental Sustainability

Early-stage entrepreneur: making decisions about the future of the business while considering the environmental implications.

Early-stage entrepreneur: taking any steps to maximise the social impact of the business.

Awareness of SDGs

Early-stage entrepreneur: awareness of the 17 United Nations Sustainable Development Goals.

Economic Goals in SDGs

Early-stage entrepreneur: prioritising the social and/or environmental impact of the business above profitability or financial gain.

CONTENTS

LIST OF FIGURES 6
LIST OF TABLES 7
FOREWORD 8
REPORT EDITORS AND SECTION AUTHORS 9
SHARING THE JOURNEY 11

SECTION 1
GEM CONCEPTUAL FRAMEWORK AND METHODOLOGY

1.1 The GEM story 13
1.2 Who participated in the 2023 GEM 13
1.3 The GEM conceptual framework 14
1.4 How do we measure entrepreneurship activity? 15
1.5 What makes GEM unique? 16

SECTION 2
BACKGROUND AND INDIVIDUAL ATTRIBUTES

2.1 Involvement in Entrepreneurship 19
2.2 Societal attitudes regarding entrepreneurship 21
2.3 Entrepreneurial mindset 23
2.4 Availability of networks and mentors in South Africa 24
2.5 Implications and recommendations for future policy direction 25

SECTION 3
ENTREPRENEURIAL ACTIVITY TRENDS

3.1 Entrepreneurial activity 29
3.2 Entrepreneurial activity by gender 30
3.3 Entrepreneurial activity by age 33
3.4 Entrepreneurial activity by race 35
3.5 Implications and recommendations for future policy direction 36

SECTION 4
ENTREPRENEURIAL MOTIVES AND OUTCOMES

4.1 Entrepreneurial motives 39
4.2 Entrepreneurial background (sector) 40
4.3 Entrepreneurial background (business size) 43
4.4 Job creation 44
4.5 Innovation 46
4.6 Internationalisation 47
4.7 Market Scope 48
4.8 Response to the pandemic 49
4.9 Implications and recommendations for future policy direction 50

SECTION 5
SUSTAINABILITY AND ADOPTION OF TECHNOLOGY

5.1 Awareness of sustainability equality (UN Sustainable Development Goals) 56
5.2 Engagement with socio-environmental sustainability and economic sustainable goals and practices 57
5.3 Economic sustainability goals and practices 60
5.4 Adoption of digital technology 61
5.5 Implications and recommendations for future policy direction 63

SECTION 6:
NATIONAL CONTEXTS AND ECONOMYPROFILES

6.1 Introduction 67
6.2 Factors contributing to an enabling environment: Perspectives from the Adult Population Survey 70
6.3 Entrepreneurial Framework Conditions: Perspective from the National Expert Survey 74
6.4 Government entrepreneurship support agencies 82
6.5 Implications and recommendations for future policy direction 83

LIST OF FIGURES

Figure 1.1:	The GEM conceptual framework	14
Figure 1.2:	Entrepreneurial phases and GEM's entrepreneurship indicators	15
Figure 2.1:	Adult population involved and not yet involved in entrepreneurial activity in South Africa 2022-2023	19
Figure 2.2:	Differences among women and men entrepreneurs related to race	21
Figure 2.3:	Societal attitudes regarding entrepreneurship in South Africa 2003 - 2022 (%)	22
Figure 2.4:	Entrepreneurial perceptions and competencies in the adult population of South Africa (%)	23
Figure 2.5:	Availability of networks and mentors in South Africa (2022-2023)	25
Figure 3.1:	Entrepreneurial intentions in South Africa (2003 - 2023)	29
Figure 3.2:	Prevalence rates of entrepreneurial activity between 2001 and 2023	29
Figure 3.3:	Total early-stage Entrepreneurial Activity (TEA) by gender in South Africa (2005 - 2023)	30
Figure 3.4:	Total early-stage Entrepreneurial Activity (TEA) ratio of women to men in South Africa (2005 - 2023)	31
Figure 3.5:	early-stage Entrepreneurial Activity (TEA) by gender, including % difference, in South Africa (2005 - 2023)	31
Figure 3.6:	Different stages of entrepreneurial activity by gender (2023)	32
Figure 3.7:	TEA by age in South Africa (2001-2023) (%)	33
Figure 3.8:	Different stages of entrepreneurial activity by age (2023) (%)	34
Figure 3.9:	TEA by race over 18 years between 2005 and 2023.	35
Figure 4.1:	Entrepreneurial Motives in South Africa (2021 - 2023)	39
Figure 4.2:	Entrepreneurial motivation by gender in South Africa (TEA) (2021 – 2023)	40
Figure 4.3:	TEA by gender across the four broad sectors in South Africa (2022)	42
Figure 4.4:	Distribution of TEA by gender across all sectors in South Africa (2023)	43
Figure 4.5:	Job growth expectations for early-stage entrepreneurs in South Africa (2022-2023)	44
Figure 4.6:	Growth expectations by gender (2023)	46
Figure 4.7:	Innovation in businesses in South Africa by gender (2022-2023)	47
Figure 4.8:	Internationalisation of businesses by gender in South Africa (2023) All businesses	47
Figure 4.9:	Market scope for all entrepreneurs in South Africa (2023)	48
Figure 4.10:	Market scope for all entrepreneurs by gender in South Africa (2023)	48
Figure 4.11:	Opportunity expectation amid disruption in South Africa (2022-2023)	49
Figure 4.12:	Opportunity expectation amid disruption for all entrepreneurs by gender in South Africa (2023)	49
Figure 5.1:	Awareness of sustainability in South Africa (2021-2023)	56
Figure 5.2:	Awareness of sustainability by gender in South Africa (2021-2023)	56
Figure 5.3:	Environmental sustainability in South Africa (2021-2023)	57
Figure 5.4:	Environmental sustainability by gender in South Africa (2023)	57
Figure 5.5:	Social sustainability in South Africa (2021-2023)	58
Figure 5.6:	Social sustainability by Gender in South Africa (2023)	58
Figure 5.7:	Economic sustainability goals in South Africa (2021-2023)	60
Figure 5.8:	Economic sustainability goals by gender in South Africa (2023)	60
Figure 6.1:	Enabling environment factors: South African Adult Population	71
Figure 6.2	Enabling environment factors per province: Best and worst performing factors	73
Figure 6.3:	South African Entrepreneurial Framework Conditions 2021 to 2023 and GEM Average (2023)	75
Figure 6.4:	EFCs: South African comparison to GEM and country income levels (2023)	76
Figure 6.5:	National Entrepreneurial Context Index (NECI) 2023	80
Figure 6.6:	Know the names of any government agencies or programs that have been set up to assist small business development (Adult Population)	83
Figure 6.7:	Knowing the names of any government initiatives that have been set up to assist small business development by race (2023)	83

LIST OF TABLES

Table 1.1:	Income grouping per country	14
Table 2.1:	Overview of the South African Adult Population involved in 2022-2023 and not yet involved in entrepreneurial activity in South Africa in 2023: Demographic perspective	20
Table 2.2:	Global comparison of entrepreneurial activity, societal attitudes and self-perception	26
Table 3.1:	Reasons for business exits in South Africa (2019 - 2023). The percentage of entrepreneurs exiting a business in the previous year	30
Table 3.2:	Different stages of entrepreneurial activity by gender (2022-2023)	33
Table 3.3:	Global trends of entrepreneurial activity	37
Table 4.1:	Distribution of TEA and EBO across all sectors in South Africa (2022-2023)	42
Table 4.2:	Current size of business by jobs created across stages of business in South Africa (2023) TEA, EBO, and all businesses	44
Table 4.3:	Size of business by gender in South Africa (2022-2023)	44
Table 4.4:	Innovation in businesses in South Africa (2023)	46
Table 4.5:	Internationalisation (All businesses and TEA)	47
Table 4.6:	Global trends of entrepreneurial motives and outcomes	52
Table 5.1:	The adoption of digital technology in South Africa (2023)	61
Table 5.2:	Adoption of digital technology by gender in South Africa (2023)	62
Table 5.3:	Global trends of adoption of digital technology	64
Table 6.1:	Enabling environment factors per province	72
Table 6.2:	Entrepreneurial Framework Conditions (EFCs)	74
Table 6.3:	National Entrepreneurial Context Index (NECI) 2021 to 2023	78
Table 6.4:	Knowing the names of any government initiatives that have been set up to assist small business development by province (2023)	82
Table 6.5:	The perceived effectiveness of government agencies or programs as rated by those that engaged with these agencies, by province and national (Adult Population) 2023	83
Table 6.6:	The relevance and accessibility of Seda programs as rated by those that received support from Seda, by province (Adult Population) 2023	83
Table 6.7:	Preferences going forward for how to receive government support for entrepreneurship, by province and national (Adult Population) 2023	83

FOREWORD

Since its inception in 1999, 25 years ago, the annual Global Entrepreneurship Monitor (GEM) report has been a valuable source for academics, policymakers, entrepreneurs, sponsors and institutions. It was inspiring when, in 2001, twenty-three years ago, South Africa joined the GEM consortium as a participating country. This ensured that entrepreneurship and SMME information previously unavailable to us was presented annually in the GEM South African report. As academics, we use it often to support, interpret or verify our research. Through GEM, institutions and government departments involved in entrepreneurship and SMME development, important information can be accessed to develop and implement policies and support initiatives. These can guide them on how they can contribute to a conducive entrepreneurship ecosystem, resulting in a growing economy. The importance and value of government and institutions are emphasised in the work of Acemoglu, Johnson and Robinson, winners of the 2024 Nobel Prize in Economic Sciences. Their work showed that political and economic institutions significantly influence why nations flourish or fail. They determined that government policy and institutions, including laws supporting economic freedom, property security, access to finance, banking systems, and the Leviathan State, balanced by active and empowered citizenry, contribute to the success of nations. Linked to these institutions, policies and the role of government in the entrepreneurship ecosystem are addressed extensively in this year's GEM SA Report. The results prove the importance of a robust entrepreneurial ecosystem consisting of access to finance and financing for entrepreneurs; government policies, support, taxes and bureaucracy; entrepreneurial programmes; entrepreneurship education; Research and Development transfer; commercial, legal and physical infrastructure and regulations. As the Nobel Winner trio proved in their extensive research, a strong government and institutions are essential to provide all the services required for an economically prosperous country.

The extensive research conducted to compile the GEM report shows positive and negative entrepreneurship ecosystem development and support trends. On the positive side, the support structures and programmes for women entrepreneurs have improved. South African women are becoming more entrepreneurial and are venturing successfully into their businesses, although they are struggling to move into the established business phase. On the negative side, something crucial has been identified: the South African Entrepreneurship Ecosystem needs to be more supportive of SMMEs and entrepreneurs, requiring serious attention to be optimised. Therefore, this report is valuable as guidance and directs the government and institutions in developing appropriate policies, implementing them, and ensuring that they are monitored to achieve their goals. However, it is also necessary to remember that economically successful countries such as the United States of America (USA) have more relaxed approaches to business regulation, allowing entrepreneurs to start, experiment, and grow their businesses with less interference. Strong government and institutions are essential to ensure a dynamic business environment and entrepreneurial ecosystem in which entrepreneurship can flourish and, in so doing, entrepreneurs will be able to contribute to a robust economy.

This GEM report again provides valuable information and much food for thought for all of us passionate about entrepreneurship, business development, SMMEs and our country's economy.

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Professor Cecile Nieuwenhuizen is the Chairperson of the DHET-NRF SARChI Entrepreneurship Education, Research Chair at the University of Johannesburg, South Africa. She has a PhD in Business Management and an Honorary Doctorate from Krakow University of Economics, Poland. She was Head of Department for 12 years and has published 112 peer-reviewed articles, conference papers, and 58 books. She has also been awarded various Best Paper Awards. She has 2301 citations and a Google Scholar h-index of 22. She supervised 11 Doctorates and 25 Master students to graduation. She is involved in family businesses with Care Centres for older people and a restaurant and provides professional business services to Small and Medium Enterprises employing 600 people.

Professor Thea Van der Westhuizen is an award-winning academic leader, renowned for driving entrepreneurship in academia through innovative teaching and transformative research. She founded SHAPE, earning international recognition at The Innovative Youth Incubator Awards. As the former International Director of Paddle for the Planet, she advocates for global environmental sustainability and enabling youth. With over two decades of international experience in corporate and academic sectors, her impactful collaborations span across high-impact leaders, municipality managers, CEOs of multinational companies and helping youth entrepreneurs. Her remarkable career showcases her entrepreneurial spirit and commitment to excellence. She currently serves as an academic leader at the University of KwaZulu-Natal, School of Management, Information Technology, and Governance.

Prof Willie Chinyamurindi is a National Research Foundation (NRF) Rated Researcher (C2) working at the University of Fort Hare as a Professor within the Department of Business Management. Prof Chinyamurindi's research is in the areas of human and organisational capability development and how these contribute towards the theme of development. This research focus is located within the fields of work psychology and applied management. Further, through this focus, Prof Chinyamurindi explores the role of socio-economic status within human and organisational capability development and outcomes. Consideration here is given to magnifying research accounting for aspects such as rurality, gender, technology access (and usage), economic and social proxies. Prof Chinyamurindi's has been able to contribute to the theory, policy and practitioner press making a meaningful contribution. In 2021, he served as Co-Chair of the South African Young Academy of Science, in addition to his professional membership with this society.

Dr Herring Shava is a Senior lecturer in the Department of Business Management & Economics at Walter Sisulu University. He has a solid background in entrepreneurship and marketing. Therefore, his research focuses on sustainable SME ICT adoption and responsible consumer behaviour. Climate change issues are increasingly getting difficult for researchers to sit back and do nothing. Understanding that consumer behaviour has a lot to do with what is being experienced globally from a climate change perspective, Dr. Shava's research looks into how SMEs can adopt ICTs to advance green entrepreneurship and how the emergence of a green market could leverage sustainable SME ICT adoption initiatives, resulting in enhanced green entrepreneurship and responsible consumption.

Caren Scheepers is a Professor at the Gordon Institute of Business Science, University of Pretoria. She is a qualified Counselling Psychologist and Professional Executive Coach. Her research focuses on the influence of context on leadership, including virtual and gendered entrepreneurial and corporate contexts. She is a member of the Academy of Management. She holds a C2 rating from the South African National Research Foundation (NRF). She is a section editor of the South African Journal of Management and Economic Science, and serves as reviewer for several national and international journals. She authored, co-authored and co-edited seven peer reviewed business books, nearly 50 internationally published teaching cases and more than 40 academic articles in local and international journals. In 2020, she received the international award: Most outstanding contribution to the Case Method from the EFMD and The Case Centre. She worked in public service and financial services in leadership development and selection processes. She founded Irodo Consulting and for the last 30 years her team has been serving companies by being involved in change and transformation processes as well as psychometric assessments and executive coaching.

Dr Poh Yen Ng is an Associate Professor of Entrepreneurship and Innovation at Aberdeen Business School, Robert Gordon University, Scotland. She holds a PhD in Management from the University of Canterbury, New Zealand, and is currently a Senior Fellow of Advance HE in the United Kingdom. She has published over fifty articles in high-quality journals spanning gender in entrepreneurship, business sustainability and growth, and innovation in family business. She has received external funding awards from the British Academy of Management and Miri City Council in Malaysia. She is an Associate Editor of Gender, Work and Organisations and on the editorial review board of the International Journal of Gender and Entrepreneurship and Journal of Family Business Management.

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Leonie Greyling is a seasoned leader in enterprise development with over 20 years' experience in driving innovation and entrepreneurship across emerging markets. Her expertise encompasses the design and implementation of programs aimed at empowering women and youth, promoting economic inclusion, and supporting sustainable business models. She holds a PhD in Business Administration from the North-West University, with a focus on female entrepreneurial identity development, an MBA from the University of Pretoria's Graduate School of Management, and a Bachelor of Commerce from the University of Pretoria. Leonie's research interests include the development of female entrepreneurial identity and the relationship between impactful entrepreneurial education and entrepreneurial identity.

Prof Menisha Moos is currently an associate professor at the University of Pretoria with teaching experience in general management, strategy, human resources, negotiations, business management and entrepreneurship in the Department of Business Management. She is an external examiner and moderator for various South African universities. She authored and co-authored chapters in books on entrepreneurship and small business management prescribed at several tertiary institutions in South Africa. She attended and presented research papers at both national and international conferences. She has been a workshop presenter and designer of Business and Entrepreneurship Skills Training Programmes for organisations. She has published papers in the South African Journal of Business Management, Journal of Enterprising Communities, Journal of Contemporary Management, Southern African Journal of Entrepreneurship and Small Business Management, and the Journal for Transdisciplinary Research in Southern Africa.

Fubah Clavis is a researcher in the Department of Business Management at the University of Pretoria. Dr Fubah earned his PhD from the University of Pretoria, South Africa. His research interests include entrepreneurial ecosystems, immigrant entrepreneurship, social entrepreneurship, networking and the circular economy. His initial outputs have been presented at international conferences such as the International Social Innovation Research Conference and the International Business Conference. His papers appear in the International Journal of Entrepreneurial Behaviour and Research, Business Strategy and the Environment, Journal of Enterprising Communities and the Journal for Transdisciplinary Research in Southern Africa.

Daniel Meyer is a professor at the College of Business and Economics (CBE) at the University of Johannesburg (UJ), South Africa. He is a National Research Foundation (NRF) rated researcher. Daniel is a Development Economist and a specialist in regional and local economic development analysis and policy development. He has developed various innovative measurement tools, indexes, and scales to analyse regional economies. He also has a research focus on macroeconomics and the linkages with good governance. He has authored more than 150 internationally peer-reviewed research papers since 2015 and has also presented more than 60 international conference papers, including a number of keynote addresses. His research is multi-disciplinary through the combination of development economics, business, public management, and governance.

SHARING THE JOURNEY

Entrepreneurship is not only about the destination but also the journey. The process of becoming an entrepreneur is dynamic, demanding, and involves a number of steps and activities. Although the path of entrepreneurship can differ from one business to the next and from one entrepreneur to another, there are certain components and lived experiences that usually accompany entrepreneurs on their journey. As part of the important work the GEM does in collecting and disseminating data on entrepreneurial trends, which is critical in decision-making processes, we also share some stories of real entrepreneurs, their challenges, and how they overcome them. Doing so not only adds a personal perspective to the data but also aids in motiving other nascent, new and even struggling established entrepreneurs. The journey of becoming an entrepreneur is a frequently unpredictable one that calls for commitment, perseverance, imagination, and a willingness to take chances. As they pursue their objectives, entrepreneurs must be adaptable to change with the times and the market. In this year's report, we share several journeys, each with a different path, motivation, challenges and ways of dealing with difficult decisions. What these entrepreneurs all have in common is the destination: a successful, impactful business.

EMPOWERING WOMEN ONE WARDROBE AT A TIME

Anja Cruse-Bothma
Section 1, Page 17

NOTHING IS IMPOSSIBLE

Silvia Erasmus,
Section 2, Page 27

LEANO FRAGRANCES

Keamogetse Kenneth Ngakantsi
Section 4, Page 41

SWEET AND SOUR BUNDLE

Puseletso Motsemedi
Section 4, Page 45

ZABELLAS

Isabel van Zyl
Section 4, Page 51

MATOMANI

Wendy Vesela-Ntimbani
Section 5, Page 59

XUMANA SIBAMBANE ORGANISATION

Ayanda Kunene
Section 6, Page 77

HELLO BEAUTIFUL

Lynell van Heerden
Section 6, Page 81

THE AFRICAN BEAUTY BAR

Cleopatra Mmakgwetele Hlapolosa
Section 6, Page 85

SECTION



GEM CONCEPTUAL FRAMEWORK AND METHODOLOGY

Over the past 25 years, the GEM research consortium has tracked the evolution of entrepreneurship within and across countries, identifying the scale of its contributions to jobs and the economy, and informing strategies and policies to support new ventures.

SECTION 1

Angus Bowmaker-Falconer, Natanya Meyer and Mahsa Samsami

GEM CONCEPTUAL FRAMEWORK AND METHODOLOGY

1.1 The GEM story

GEM began in 1999 as a joint research project between Babson College (USA) and London Business School (UK). GEM has evolved into the premier repository of dependable information on entrepreneurship worldwide. Beyond its flagship annual GEM Global Report, it publishes a diverse array of national and specialised reports each year, further solidifying its position as the authoritative voice on global entrepreneurship and entrepreneurial ecosystems.[1]

GEM employs two primary research tools. The first is related to the Adult Population Survey (**APS**), and the second is associated with the National Expert Survey (**NES**). The APS, encompassing a random sample of at least 2,000 adults between the ages of 18 and 64 years (henceforth simply referred to as "the adult population") per economy, discerns the percentage of adults engaged in the inception or management of new ventures, termed Total early-stage Entrepreneurial Activity (**TEA**). The NES is tailored to delve into the nuanced entrepreneurial landscapes of individual countries around the world. This survey engages a minimum of 36 meticulously chosen individuals renowned for their national expertise in entrepreneurship across various domains.

1.2 Who participated in the 2023 GEM

In 2023, a total of 46 National Teams participated in the GEM APS. Among them was Ukraine, whose national team conducted a smaller sample Adult Population Survey along with the NES, overcoming challenging circumstances.

Participating GEM economies are categorised into one of three income groups based on their GDP per capita. GEM adopted the classifications of low, medium, and high levels of income.

GEM INCOME CLASSIFICATION

- Level A: Economies with a GDP per capita exceeding $50,000.
- Level B: Economies with a GDP per capita ranging from $25,000 to $50,000.
- Level C: Economies with a GDP per capita below $25,000.

While these thresholds are somewhat arbitrary, they provide a consistent framework for presenting analyses, findings, and conclusions throughout this report. Level A economies comprise 10 from Europe, two from North America, three from the Gulf region, and the Korean Republic. Level B economies include 11 from Europe, five from Central or South America, and three from Asia. Lastly, Level C economies demonstrate greater geographic diversity, with six from Central or South America, five from Asia, two from Africa, and Ukraine (refer to **Table 1.1**)[2].

[1] GEM (Global Entrepreneurship Monitor) (2024). Global Entrepreneurship Monitor 2023/2024 Global Report: 25 Years and Growing. London: GEM.

[2] GEM (Global Entrepreneurship Monitor) (2024). Global Entrepreneurship Monitor 2023/2024 Global Report: 25 Years and Growing. London: GEM.

Table 1.1: *Income grouping per country*

Level A >$50 000	Level B $25 000 - $50 000	Level C $<$25 000
Canada	Argentina*	Brazil
France	Chile	China
Germany	Croatia	Colombia
Italy	Cypres	Ecuador
Republic of Korea	Estonia	Guatemala
Luxembourg	Greece	India
Netherlands	Hungary	Iran
Norway	Israel	Jordan
Qatar	Japan*	Mexico
Saudi Arabia	Latvia	Morocco
Slovenia	Lithuania	South Africa
Sweden	Oman	Thailand
Switzerland	Panama	Ukraine
United Arab Emirates*	Poland	Venezuela
United Kingdom	Puerto Rico	
United States	Romania	
	Slovak Republic	
	Spain	
	Uruguay	

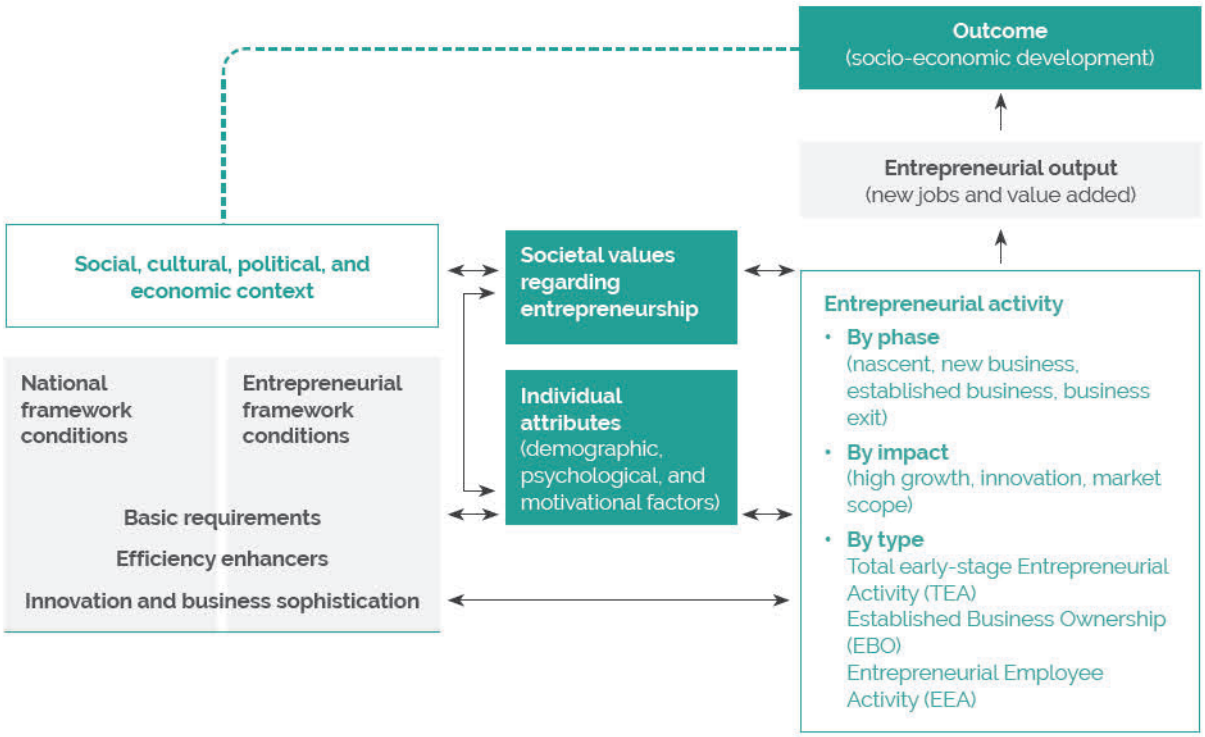
*Participated only in the NES, not the APS. As a result, 46 economies participated in the APS (including Ukraine with a limited sample), and 49 participated in the NES.

1.3 The GEM conceptual framework

The scale and longevity of the GEM project facilitates comprehensive research into the intricate patterns of entrepreneurship, innovation, and economic development. This research, in turn, serves to enhance the quality of policy formulation, programme design, and practical implementation within these domains.

The GEM conceptual framework is presented in **Figure 1.1**.

Figure 1.1: *The GEM conceptual framework*

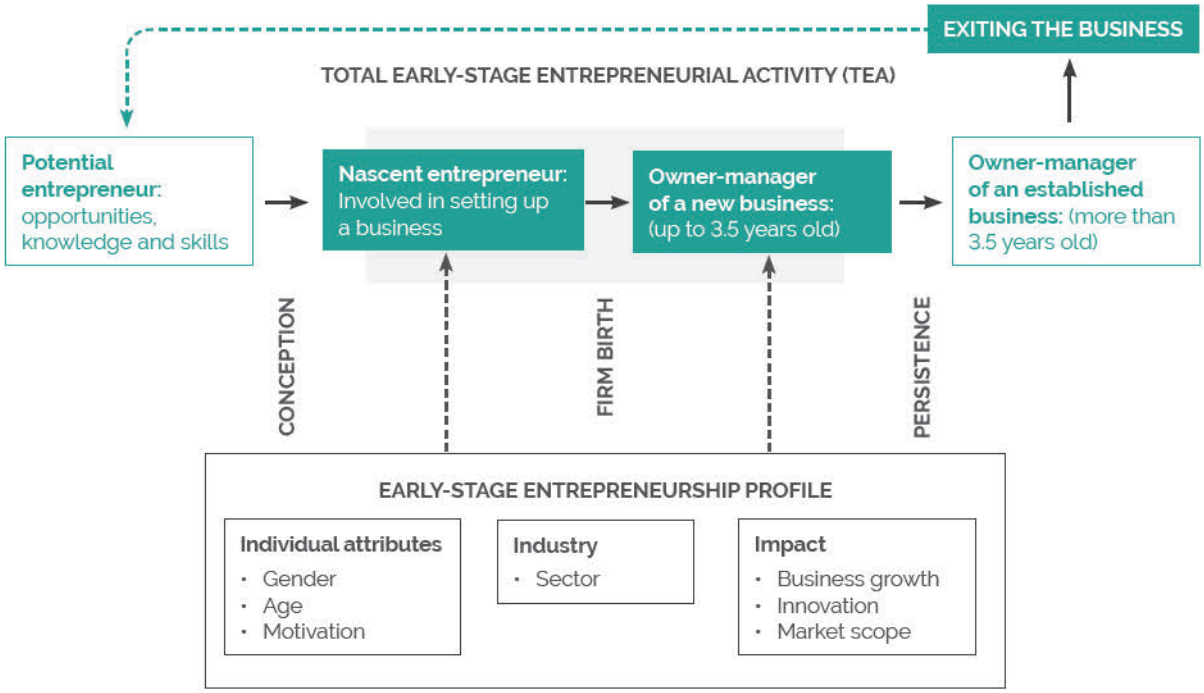


GEM harnesses the APS data to derive insightful estimations of critical entrepreneurial variables, as delineated in **Figure 1.2** of its methodology. The APS includes inquiries that span the entirety of entrepreneurial activities, from intentions to start a business through the nascent stage when first building a business (but not yet paying more than three months in salaries) to new businesses (less than 3.5 years old), through ownership of established businesses (more than 3.5 years old) and entrepreneurial exit.

In addition to quantifying entrepreneurial endeavours, GEM offers detailed insights into the personal attributes of business owners, shedding light on their motivations for entrepreneurial pursuits and the cultural contexts shaping their ventures. Furthermore, GEM furnishes comprehensive information regarding the enterprises themselves, encompassing factors such as industry choice, job creation, innovation, growth expectations and their local, national, and international market scope.

This wealth of data and analysis provided by GEM serves as a cornerstone for informed decision-making among policymakers, program developers, and practitioners. By leveraging these insights, stakeholders can craft more targeted interventions, design effective support programs, and foster conducive environments for entrepreneurial success and sustainable economic growth.

Figure 1.2: *Entrepreneurial phases and GEM's entrepreneurship indicators*



1.4 How do we measure entrepreneurship activity?

This report details the GEM's key entrepreneurship indicators but with a specific focus on gender differences and comparisons. In some instances, economies are compared and ranked across these indicators. The GEM indicators may be viewed as a dashboard representing a comprehensive set of measures that collectively reflect key aspects of entrepreneurial activity.

The following key measures are highlighted:

We consider societal values and perceptions

Good career choice:
The percentage of the adult population who believe that entrepreneurship is a good career choice.

High status of successful entrepreneurs:
The percentage of the adult population who believe that high status is afforded to successful entrepreneurs.

Media attention to entrepreneurship:
The percentage of the adult population who believe that there is significant and positive media attention for entrepreneurship in their country.

We evaluate the individual attributes of a potential entrepreneur

Individual attributes include demographics, psychological factors, and motivational factors.

Perceived opportunities:
The percentage of the population aged 18–64 years who see good opportunities to start a business in the area where they live.

Perceived capabilities:
The percentage of the population aged 18–64 years who believe they have the required skills and knowledge to start a business.

Entrepreneurial intention:
The percentage of the population aged 18–64 years (excluding individuals involved in any stage of entrepreneurial activity) who are latent entrepreneurs intending to start a business within the next three years.

Fear of failure rate:
The percentage of the population aged 18–64 years perceiving good opportunities who indicate that fear of failure would prevent them from starting up a business

We investigate the entrepreneurial activity indicators

Entrepreneurial activity is defined according to the phases in the life cycle of entrepreneurial ventures.

The following indicators describe the life cycle of a venture:

Total early-stage Entrepreneurial Activity (TEA):
This is the percentage of the adult population who are either in the process of starting a business (a nascent entrepreneur) or owner-managers of a new business that is less than 42 months old. This indicator can be enriched by including information related to motivation (opportunity versus necessity), inclusiveness (gender, race and age), impact (business growth in terms of expected job creation, innovation and internationalisation), and industry (sectors).

Established business ownership rate:
The percentage of the adult population who are currently owner-managers of an established business, i.e. who own and manage a running business that has paid salaries, wages, or any other form of payment for more than 42 months.

Business discontinuance rate:
The percentage of the adult population involved in Total early-stage Entrepreneurial Activity (TEA) who have, in the past 12 months, discontinued a business either by selling, shutting down or in some other way discontinuing their owner/management relationship with the business.

1.5 What makes GEM unique?

GEM is different from other studies because it focuses on people, not just businesses. Available data on companies and enterprises mostly cover the number and size of businesses, new business registrations and closures, and company revenues and profits. This gives us a special understanding of entrepreneurship in a society. By studying people's attitudes and ambitions, along with societal norms, GEM helps us see what drives a country's entrepreneurial culture and the process of starting and running businesses[3],[4].

In GEM, entrepreneurial activity is seen as a continuous process rather than as individual events. It is like a pipeline, where each phase feeds into the next. That is why the APS is crafted to track individuals across different stages of entrepreneurship:potential entrepreneurship, entrepreneurial intentions, nascent and new business activity, progression into established business ownership, and discontinuance of ownership.[5]

GEM has compiled data on entrepreneurship across more than 120 economies. A focus on women's involvement in entrepreneurial activity has aleways been a key focus, and will be increasingly a priority enquiry going forward.

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[3] GEM (Global Entrepreneurship Monitor) 2024. Global Entrepreneurship Monitor 2023/2024 Global Report: 25 Years and Growing. London: GEM

[4] GEM (Global Entrepreneurship Monitor) 2023. Global Entrepreneurship Monitor 2022/23 Women's Entrepreneurship Report

[5] Bowmaker-Falconer, A., Meyer, N. and Samsami, M. 2023. Entrepreneurial Resilience during Economic Turbulence 2022/2023. Stellenbosch University: Stellenbosch, South Africa.



iSTYLE!

Empowering Women One Wardrobe At a Time

"I just wanted every woman to feel special and beautiful, realising their own potential."

The evolution of iSTYLE!

As a 100% women-owned business, iSTYLE! was established in 2009, and I, Anja Cruse-Bothma, have worked as the official stylist for Mrs SA since 2013. Among my highlights and accomplishments, I completed the styling for Mrs World 2016 — Candice Abrahams, as well as Mrs Globe 2015 — Rianna Mooi. I have also had the honour to become the Luxury Brand Manager and Personal Shopper for D'ORE and Fashion Editor for BELLA magazine. Also, besides having worked in coordination with the best show producers and photographers in South Africa, I have been a guest speaker at numerous events and am a qualified NLP coach.

Business value and strategy

My ultimate goal has been to help inspire confidence in all women, which was derived from my personal journey of overall self-acceptance. In short, I enjoy 'empowering women one wardrobe at a time', while inspiring them to actually invest in themselves. I accomplish this by creating an image and wardrobe that aligns with each individual's life, style, and goals. My business value is predicated on inspiring every client to become aware of her overall potential by making them feel genuinely special, unique, and confident.

My business is established on a very personal level, and as such, I provide my services, knowledge, and expertise to my clients. The profits are then utilised to reinvest and outsource my services via social media and public relations.

Ultimately, my goal is to create superior image management for high-profile women who do not have the time to shop and style themselves. Thus, I seek to market convenience to a higher LSM while marketing to a global sector. Part of this plan is to work on an innovative App that provides me with access to my clients' wardrobes at any time. This means that I can actually style for clients around the globe. My marketing strategy is predicated on word-of-mouth and publicity from various related events and social media.

Challenges

While garnering experience in my craft, I worked for many years without compensation and offered my services at every opportunity. During this period, I learned that South Africa appears to have a very entitled generation, which created a challenge for me in the beginning. The other challenge is to get people to believe in you, your product, and your service, which is closely related to building your professional reputation. Developing a positive and equitable work-life balance when operating a business is challenging and is definitely a work in progress.

Networking

During my time as an entrepreneur, I have determined that networking is closely linked to net worth. Accordingly, I try to collaborate with various like-minded women in business and tap into their clientele. Essentially, this is a superb means by which we can promote and support each other's business and form long-lasting relationships that are mutually beneficial. I have to say that most of these collaborations are associated with various events and/or social media contacts.

Funding

Since I did not qualify for financial assistance, I initially financed my business via personal credit cards that helped augment the costs of promotional material that was utilised to market my skills. I also financed my studies and various related coursework, which helped me succeed. Now, I am in a position whereby I have reached a point where I can reinvest my profits in order to grow my business. As we all know, financing constitutes a crucial part of any business venture. However, I believe that patience is the key to success; thus, I never gave up. Nonetheless, "you need money to make money."

Plans for the future

As a wife, mother, and Image Architect and qualified NLP coach, I have always had an independent streak and a desire to be my own boss. This has led me on a journey to discover the benefits of operating my own business enterprise and expanding my business to the international sector. As part of this endeavour, I am aware that I need to book more public speaking engagements and position myself within my industry as a keynote speaker and qualified expert in my field. Thus, I believe I need to expand my talents and transition from only fashion to becoming a motivational and inspirational speaker, as this will assist in my expansion endeavours.

"Time is the new luxury; working with me will save you time and money in the long run."

You can reach out to iSTYLE! at:

- anja@i-style.co.za
- i-style.co.za
- iSTYLE!byAnjaCruse-Bothma
- Anja Cruse-Bothma
- @istylelist

SECTION 02

BACKGROUND AND INDIVIDUAL ATTRIBUTES

SECTION 2

Thea van der Westhuizen and Natanya Meyer

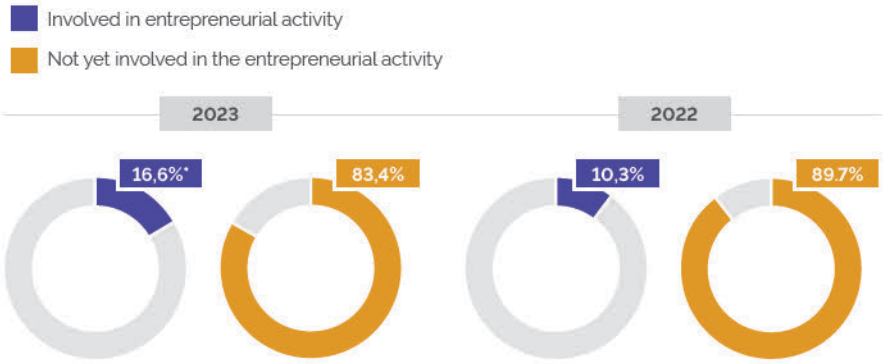
BACKGROUND AND INDIVIDUAL ATTRIBUTES

Section 2 focuses on the micro-level analysis, examining the background and individual attributes. This section presents the results of the 2023 GEM South Africa adult population survey (APS), which included 3 038 comprehensive interviews. The survey questions revolved around societal attitudes towards entrepreneurship, focusing on the desirability of starting a new business as a career choice, the perceived social status of entrepreneurship, and the role of media in promoting successful new business case studies. Additional questions explored the participants' entrepreneurial mindset, including their perceived opportunities and capabilities, fears of failure, and supporting business networks.

2.1 Involvement in Entrepreneurship

The entrepreneurial landscape in South Africa has shown a marked improvement from 2022 to 2023, with **Figure 2.1** illustrating the proportion of the adult population engaged in entrepreneurial activity increasing from 10,3% to 16,6%. This substantial growth indicates a rising trend in entrepreneurial engagement, reflecting an enhanced interest and participation in new business ventures across the country. Such an uptick suggests a positive shift in the entrepreneurial ecosystem, potentially driven by improved access to resources, favourable government policies, or increased optimism about economic opportunities. However, with 83,4% of the population still not engaged in entrepreneurial activities in 2023, significant challenges remain in fostering a more inclusive and widespread entrepreneurial culture. These findings align with recent data from Statistics South Africa[6] and the World Bank[7], highlighting both the progress and the ongoing need for targeted interventions to further stimulate entrepreneurship in the region.

Figure 2.1: *Adult population involved and not yet involved in entrepreneurial activity in South Africa 2022 - 2023*



*Read as 16,6% of the South African adult population were involved in entrepreneurial activity in 2023

Table 2.1 provides a demographic perspective overview of the South African Adult Population involved in entrepreneurship in 2022 and 2023, and not yet involved in entrepreneurial activity in 2023 in South Africa. The data demonstrates significant disparities across gender, age, education level, and race. This analysis highlights the nuanced nature of entrepreneurship in the country, offering insights into the segments of the population that are more actively engaged in starting and running businesses.

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[6] Statistics South Africa. (2023). *Labour Market Dynamics in South Africa 2023.* Pretoria: Statistics South Africa.

[7] World Bank. (2023). *South Africa Economic Update: Promoting Inclusive Growth by Addressing Inequality*. Washington, DC: World Bank.

Table 2.1: *Overview of the South African Adult Population involved in and not yet involved in entrepreneurial activity in South Africa in 2022 - 2023*

Demographic		Involved in entrepreneurial activity (%)		Not yet involved in the entrepreneurial activity (%)
		2023	2022	2023
Gender	Men	19,9*	11,1	80,1
	Women	13,5	9,5	86,5
Age	18-24 years	10,6	8,6	89,4
	25-34 years	18,3	11,3	81,7
	35-44 years	16,7	12,0	83,3
	45-54 years	18,0	10,5	82,0
	55-64 years	19,8	6,5	80,2
Education	Pre-primary	14,3	0	85,7
	Primary or first stage of basic	17,1	4,9	82,9
	Lower secondary or second stage of basic	11,7	5,4	88,3
	(Upper) secondary	15,3	8,4	84,7
	Post-secondary non-tertiary	21.3	11.7	78,7
	First stage tertiary	22.9	15	77,1
	Second stage tertiary	33.3	19.1	66,7
Race	African	16.8	10.7	83,2
	Coloured	13.2	9,0	86,8
	Indian	9.2	10	90,8
	White	20.4	7,0	79,6

*Read as 19,9% of South African men were involved in entrepreneurial activity in 2023

2.1.1 Gender

In 2023, the rate of entrepreneurial engagement among men markedly exceeded that of women, with 19,9% of men participating in entrepreneurial activities compared to 13,5% of women. This reflects a substantial increase from 2022, where 11,1% of men and 9,5% of women were involved in such ventures. The enduring gender disparity underscores the persistent barriers women face in accessing the resources and opportunities critical for entrepreneurial success[8]. This evidence points to an urgent need for targeted interventions to promote women entrepreneurship, which is crucial for advancing gender equity within the entrepreneurial ecosystem.

2.1.2 Age

Entrepreneurial activity exhibited notable variation across different age groups. In 2023, the highest engagement levels were observed among individuals aged 25-34 and 55-64, with 18,3% and 19,8% of these cohorts, respectively, participating in entrepreneurial ventures. In contrast, the youngest age group (18-24 years) demonstrated the lowest level of engagement, with only 10,6% involved in entrepreneurship. This disparity suggests that younger South Africans may encounter more substantial barriers to entering the entrepreneurial ecosystem, potentially due to limited access to resources, networks, or entrepreneurial education. These patterns underscore the necessity of targeted support measures for younger and middle-aged prospective entrepreneurs, enabling them to fully realise their innovative potential and contribute meaningfully to the economy.

2.1.3 Education

Educational attainment is a key determinant of entrepreneurial activity, with higher levels of education strongly associated with increased participation in entrepreneurship[9]. In 2023, individuals with second-stage tertiary education exhibited the highest level of entrepreneurial involvement at 33,3%, followed by those with first-stage tertiary education at 22,9%. This stands in sharp contrast to the substantially lower engagement rate of 14,3% among those with only pre-primary education. These findings underscore the critical role that education plays in equipping individuals with the skills, knowledge, and networks necessary for successful entrepreneurship.

[8] Smith, J. & Nkosi, T. (2021). *Gender and Entrepreneurship in South Africa: Addressing the Gaps.* South African Journal of Business Management, 52(2), pp. 234-248.

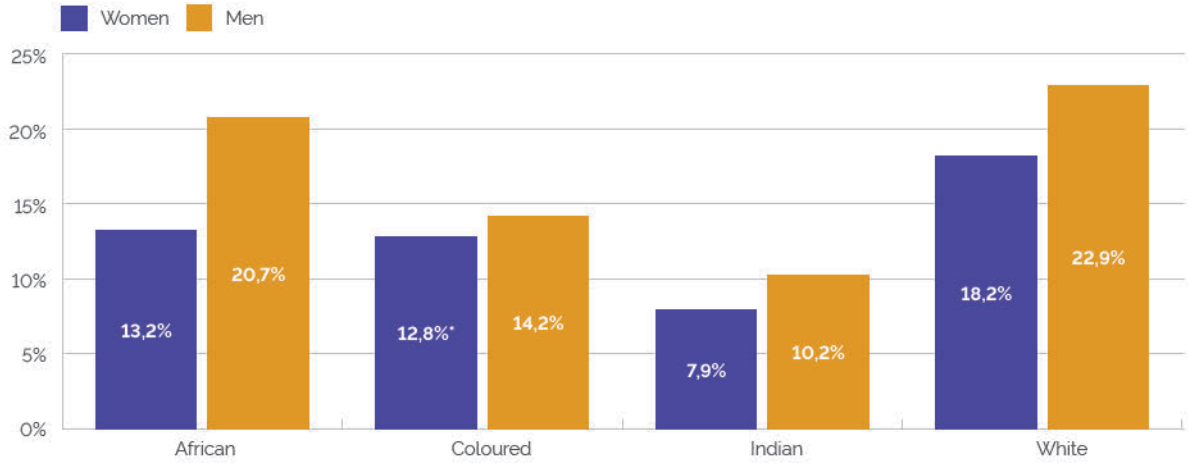
[9] Mabunda, S. & Chirwa, R. (2023). *The Impact of Education on Entrepreneurship in South Africa.* African Journal of Economic and Management Studies, 14(1), pp. 89-103.

The stark differences in entrepreneurial participation across educational levels highlight the urgent need for comprehensive educational initiatives that integrate entrepreneurship into curricula at all stages, thereby fostering a more inclusive and dynamic entrepreneurial ecosystem.

2.1.4 Race

The data reveals pronounced racial disparities in entrepreneurial activity across South Africa. In 2023, 20,4% of the White adult population participated in entrepreneurial ventures, a notably higher rate compared to 16.8% of Africans, 13,2% of Coloured individuals, and just 9,2% of Indians. These disparities likely reflect the enduring influence of systemic factors, such as unequal access to capital, business networks, and market opportunities[10], which continue to shape the entrepreneurial landscape along racial lines. The persistent underrepresentation of certain racial groups in entrepreneurial activity underscores the need for targeted interventions aimed at dismantling these barriers. Addressing these inequities is essential to fostering a more inclusive and equitable entrepreneurial ecosystem in South Africa, one that enables all race groups to fully engage in and benefit from entrepreneurial opportunities.

Figure 2.2: *Differences among women and men entrepreneurs related to race*



*Read as 12,8% of South African Coloured women were involved in entrepreneurial activity in 2023

Figure 2.2 reflects the differences among men and women entrepreneurs related to race. Men are more involved in entrepreneurship across all races, but the gender gap is largest for Africans, with a 7,5% difference. The gender gap is smallest in the Coloured (1,4%) and Indian (2,3%) cohorts.

While entrepreneurial activity in South Africa has seen a promising rise across most demographic groups from 2022 to 2023, persistent and pronounced disparities remain. Closing these gaps requires a dedicated effort to ensure equitable access to resources, opportunities, and support across gender, age, education, and race. Such initiatives are crucial for fostering an inclusive entrepreneurial landscape that taps into the full potential of South Africa's diverse population. The patterns observed in this analysis align with broader trends reported by Statistics South Africa[11] and the World Bank[12], highlighting the pressing need for targeted policy interventions. By focusing on these priorities, South Africa can cultivate a more dynamic and equitable entrepreneurial ecosystem, driving sustainable economic growth and societal advancement.

2.2 Societal attitudes regarding entrepreneurship

Societal perceptions of entrepreneurship are critical in influencing both the ambitions of potential entrepreneurs and the broader support for entrepreneurial activities within a country. Positive societal attitudes can significantly enhance the likelihood of individuals pursuing entrepreneurial careers and the level of respect and media attention that entrepreneurship commands.

The Adult Population Survey (APS) in South Africa for 2023 assessed societal attitudes towards entrepreneurship by asking three key questions: whether starting a new business is considered a desirable career choice, whether successful entrepreneurs are held in high regard, and whether stories about successful new businesses are frequently featured in the media and on the internet.

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[10] Gumede, V. & Ndlovu, M. (2020). *Race, Capital, and Entrepreneurship in Post-Apartheid South Africa.* Development Southern Africa, 37(4), pp. 612-628.

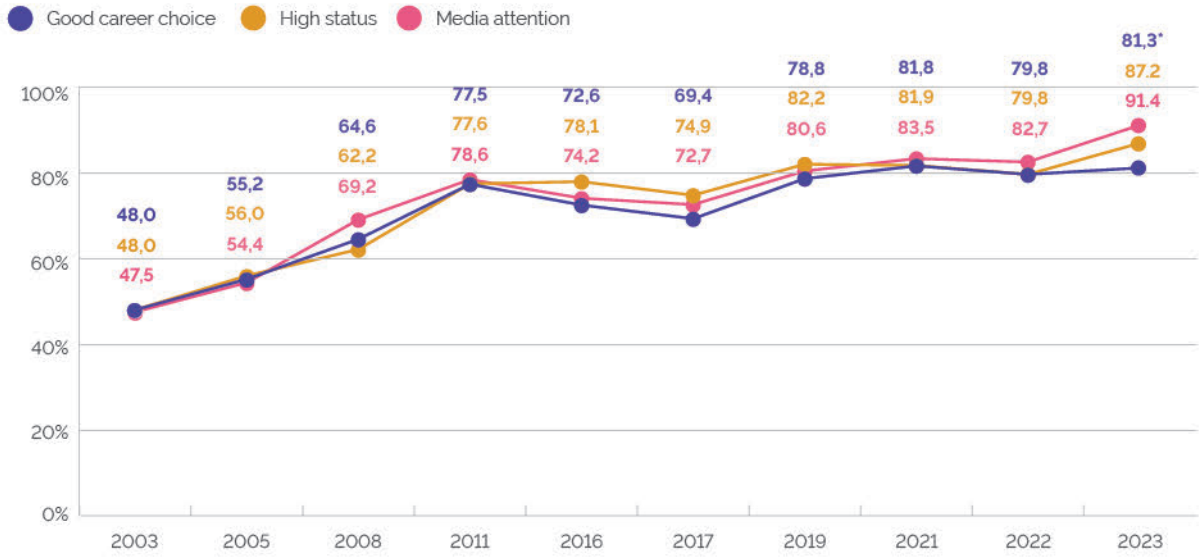
[11] Statistics South Africa. (2023). *Labour Market Dynamics in South Africa 2023*. Pretoria: Statistics South Africa.

[12] World Bank. (2023). *South Africa Economic Update: Promoting Inclusive Growth by Addressing Inequality.* Washington, DC: World Bank.

The data from 2023 (**Figure 2.3**) reveals that entrepreneurship continues to be viewed positively by the majority of the South African adult population. Specifically:

- **81,3%** of South African adults consider starting a new business a desirable career choice, reflecting sustained and strong endorsement of entrepreneurship as a viable and rewarding path.
- **87,2%** of adults believe that successful entrepreneurs enjoy high status and respect, indicating that societal esteem for entrepreneurship remains robust and potentially influential in encouraging more individuals to engage in entrepreneurial activities.
- **91,4%** of adults report frequently seeing stories about successful new businesses in the public media and on the internet, suggesting that media attention for entrepreneurship is at a high level, which could further reinforce positive societal attitudes.

Figure 2.3: *Societal attitudes regarding entrepreneurship in South Africa 2003 - 2022 (%)*



*Read as 81,3% of South African adults in 2023 regarded entrepreneurship as a good career choice.

When analysing the 2023 figures in the context of historical trends (as depicted in **Figure 2.3**), it becomes evident that societal attitudes towards entrepreneurship in South Africa have undergone a notable and transformative shift over the past two decades. In 2003, a mere 48% of adults viewed entrepreneurship as a desirable career choice. However, this figure has more than doubled, reaching over 81% in 2023, underscoring a profound cultural shift towards embracing entrepreneurship as a viable and respected profession.

This upward trend is not limited to career desirability. The perception of high status and respect for successful entrepreneurs has also seen a substantial increase, from 48% in 2003 to over 87% in 2023. Similarly, media attention for entrepreneurship, which was perceived positively by 47,5% of adults in 2003, has soared to 91,4% in 2023. These patterns reflect not just a growing acceptance but an enthusiastic embrace of entrepreneurship within South African society.

A confluence of factors likely influences the consistent rise in these positive societal attitudes[13]. Enhanced media coverage has played a critical role in normalising entrepreneurship, making stories of business success more visible and aspirational. Additionally, increased government emphasis on the importance of entrepreneurship, particularly in fostering economic growth and addressing unemployment, has helped to bolster public perceptions.

Interestingly, the data also suggests that while the overall trajectory is positive, the pace of change has varied at different intervals. For example, the period between 2008 and 2016 saw a more moderate increase compared to the sharper rises observed post-2017. This could indicate the impact of specific policy interventions or economic conditions that either accelerated or tempered public sentiment towards entrepreneurship during these periods.

[13] Motsepe, P., Sibanda, L. & Molefe, K. (2022). *Public Perceptions of Entrepreneurship in South Africa: An Evolving Narrative.* African Journal of Business and Economic Research, 17(2), pp. 301-319.

These insights suggest that South Africa's entrepreneurial environment is not only becoming more supportive but is also increasingly aligned with global trends that valorise innovation and self-starting enterprise[14] [15]. The implications of this shift are significant: as entrepreneurship continues to gain traction, it will likely become a cornerstone of South Africa's economic strategy, contributing to job creation, innovation, and overall societal resilience.

2.3 Entrepreneurial mindset

This section focuses on the entrepreneurial mindset, which includes the following measurements:

- Perceived opportunities - Percentage of adults aged 18–64 who agree that they see good opportunities to start a business in the area where they live.
- Perceived capability - Percentage of adults 18–64 who agree that they have the required knowledge, skills and experience to start a business.
- Fear of failure - Percentage of adults aged 18–64 who agree that they see good opportunities but would not start a business for fear it might fail.
- Network or knowing an entrepreneur - Percentage of adults aged 18–64 who agree that they see good opportunities but would not start a business for fear it might fail.

Figure 2.4: *Entrepreneurial perceptions and competencies in the adult population of South Africa (%)*



*Read as 81,3% of South African adults in 2023 perceived good entrepreneurial opportunities in their area.

Entrepreneurial perceptions and competencies are critical components of the entrepreneurial ecosystem,[16] as they reflect the confidence and readiness of individuals to engage in entrepreneurial activities[17]. Over the years, the mindset of South African adults towards entrepreneurship has evolved significantly, as illustrated by the trends from 2001 to 2022 (**Figure 2.4**) and the latest data from 2023.

In 2023, 81,3% of South African adults perceived good entrepreneurial opportunities in their area, marking a substantial increase compared to previous years. This heightened perception of opportunity is a positive indicator of the entrepreneurial climate in South Africa, suggesting that more individuals are recognising viable business prospects within their local contexts. This is a notable leap from the 19,7% recorded in 2001, indicating a growing awareness and optimism regarding entrepreneurship over the past two decades.

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[14] Bowmaker-Falconer, A., Meyer, N., & Samsami, M. (2023). *Global Entrepreneurship Monitor South Africa: Entrepreneurial resilience during economic turbulence*. Stellenbosch University: Stellenbosch, South Africa.

[15] World Economic Forum. (2022). Fostering Effective Entrepreneurship Ecosystems: Lessons from Around the World. World Economic Forum, Geneva. Available at: https://www.weforum.org/reports/fostering-effective-entrepreneurship-ecosystems-lessons-from-around-the-world (Accessed: 31 August 2024).

[16] Van der Westhuizen, T. (2023). *Youth Entrepreneurship: An Ecosystem Theory for Young Entrepreneurs in South Africa and Beyond*. Springer Nature. Switzerland. Link: https://link.springer.com/book/10.1007/978-3-031-44339-8

[17] Van der Westhuizen, T. & Goyayi, M.J. (2020). The influence of technology on entrepreneurial self-efficacy development for online business start-up in developing nations. The International Journal of Entrepreneurship and Innovation, 21(3), pp.168-177.

Furthermore, 92,7% of adults in 2023 believed they had the capabilities to start a business, reflecting a significant rise in self-confidence among potential entrepreneurs. This is an impressive increase from the 30,4% reported in 2001 and demonstrates the effectiveness of various initiatives aimed at enhancing entrepreneurial skills and education. Such a high level of perceived capability is crucial, as it directly correlates with the likelihood of individuals taking the plunge into entrepreneurship.

However, despite these positive trends, the fear of failure remains a significant barrier, although it has fluctuated over the years. In 2023, 43,4% of adults reported fear of failure as a deterrent to starting a business, a decrease from the 51,3% observed in 2022. This reduction is encouraging, as it suggests a growing resilience and risk tolerance among South Africans. Nonetheless, the fear of failure remains an area that requires continued attention, as it still impacts a considerable portion of the population.

When we look at the historical data from 2001 to 2022 (**Figure 2.4**), the trends reveal a complex interplay between perceived opportunities, capabilities, and the fear of failure. For instance, from 2001 to 2017, there was a gradual increase in the perception of good opportunities and capabilities, accompanied by a fluctuating fear of failure. The sharp rise in perceived opportunities in 2019, reaching 60,4%, was likely influenced by increased support for entrepreneurship and heightened awareness through media and government programs. However, this was coupled with a spike in fear of failure, which peaked at 49,8% in the same year.

Post-2019, the data shows a continued upward trajectory in perceived capabilities, reaching 69,7% in 2021, but this period also saw an increase in fear of failure, likely due to the uncertainties brought about by the COVID-19 pandemic. The most recent data from 2023, with fear of failure at 43,4%, suggests recovering confidence among potential entrepreneurs as the economic environment stabilises.

Overall, the data underscores the dynamic nature of the entrepreneurial mindset in South Africa. The significant gains in perceived opportunities and capabilities in 2023 are indicative of a more conducive environment for entrepreneurship. Yet, the persistent fear of failure highlights the need for ongoing support and interventions to further reduce this barrier[18]. As South Africa continues to foster an entrepreneurial culture, addressing these psychological and perceptual challenges will be key to unlocking the full potential of its entrepreneurial ecosystem.

[18] Mhlanga, D. & Dube, N. (2021). *Perceptions and Barriers to Entrepreneurship in South Africa: A Psychological Perspective.* Journal of Entrepreneurship in Emerging Economies, 13(4), pp. 523-539.

2.4 Availability of networks and mentors in South Africa

Access to networks and mentors is a crucial factor in entrepreneurial success, providing budding entrepreneurs with the guidance, support, and resources necessary to navigate the challenges of starting and growing a business. In South Africa, the availability of such networks has seen some shifts between 2022 and 2023, as reflected in the latest data.

In 2023, 39% of South African adults reported personally knowing at least one entrepreneur who had started a business in the past two years. This represents a notable increase from the 33,5% recorded in 2022. This upward trend suggests that more South Africans are becoming connected to entrepreneurial networks, which is a positive indicator of the entrepreneurial ecosystem[19]. Knowing someone who has successfully started a business can inspire others to pursue entrepreneurial ventures and provide them with access to valuable advice and mentorship.

However, it is also important to note that a significant portion of the population, 61% in 2023, still do not personally know any entrepreneurs who have started a business in the last two years. While this is a slight improvement from the 66,5% reported in 2022, it highlights the ongoing challenge of building more inclusive and widespread entrepreneurial networks across the country.

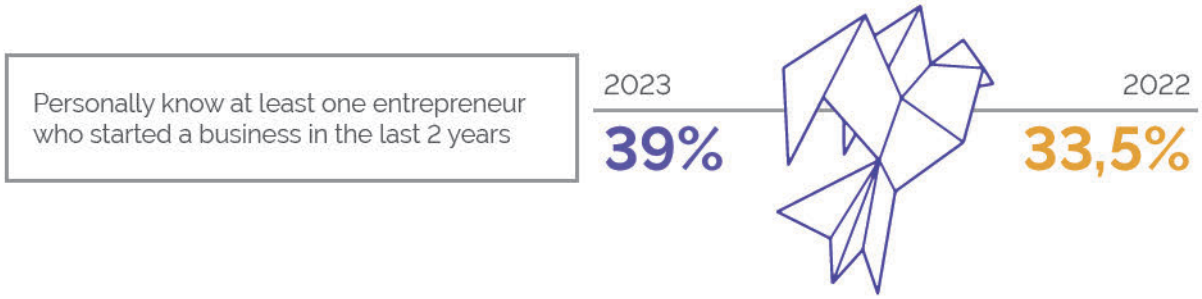
The data underscores the importance of continuing efforts to expand access to entrepreneurial networks, particularly in underserved and marginalised communities where such connections may be less prevalent[20]. Initiatives that foster networking opportunities, such as entrepreneurship hubs, incubators, and community-based mentorship programmes, are essential to bridge this gap.

Moreover, the increase in network connectivity may also be attributed to the rise of digital platforms and social media, which have made it easier for entrepreneurs to share their stories and for others to engage with these narratives. Platforms like LinkedIn and local entrepreneurship forums have likely contributed to this growing connectedness, enabling more individuals to tap into the collective knowledge and experiences of established entrepreneurs.

[19] Van der Westhuizen, T. (2023). Youth Entrepreneurship: An Ecosystem Theory for Young Entrepreneurs in South Africa and Beyond. Springer Nature. Switzerland. Link: https://link.springer.com/book/10.1007/978-3-031-44339-8

[20] Nkala, T. & Mashaba, P. (2023). *Social Networks and Entrepreneurial Success in South Africa: The Role of Mentorship.* South African Journal of Entrepreneurship and Small Business Management, 15(1), pp. 145-160.

Figure 2.5: *Availability of networks and mentors in South Africa (2022 - 2023)*



In conclusion, while the availability of networks and mentors for South African entrepreneurs has improved from 2022 to 2023, there remains a significant need to enhance these connections further. Expanding these networks is vital for fostering a more robust and resilient entrepreneurial ecosystem where aspiring entrepreneurs can access the mentorship and support necessary to thrive.

2.5 Implications and recommendations for future policy direction

Policy Focus: equitable access to resources and support across gender, age, education, and race is essential for cultivating a dynamic and inclusive entrepreneurial ecosystem.

Recommendations:

- **Gender Disparities**: Urgent need for targeted initiatives to support female entrepreneurship and advance gender equity.
- **Age Variation**: Need for age-specific support measures to unlock the innovative potential of younger and middle-aged entrepreneurs.
- **Education Correlation**: Importance of integrating entrepreneurship into educational curricula at all levels to foster a more inclusive entrepreneurial ecosystem.
- **Racial Disparities**: Necessity for targeted interventions to dismantle barriers and create a more equitable entrepreneurial environment.

Policy focus: strengthen the entrepreneurial ecosystem in South Africa by addressing the psychological and practical barriers that hinder entrepreneurial activity.

Recommendations

- **Education**: Integrate entrepreneurial education across all levels to build skills and reduce the fear of failure by normalising it as part of the entrepreneurial journey.
- **Public Campaigns**: Launch campaigns highlighting successful entrepreneurs who overcame challenges, to reshape societal attitudes towards failure.
- **Risk Mitigation**: Introduce policies like affordable business insurance for first-time entrepreneurs to lower the perceived risks of starting a business.
- **Entrepreneurship Hubs**: Expand hubs, especially in underserved areas, to provide access to mentors and resources.
- **Digital Networking**: Develop accessible online platforms for entrepreneurs to connect and share knowledge.
- **Mentorship Programmes**: Establish nationwide mentorship schemes that link experienced entrepreneurs with newcomers.
- **Community Networking**: Support local business forums and meetups to strengthen networks, particularly in areas with weak existing connections.

Table 2.2: *Global comparison of entrepreneurial activity, societal attitudes and self-perception*

	Societal attitudes				Self-perception			
Country	**Equal standard of living**	**Good career choice**	**High status**	**Media attention**	**Perceived good opportunities**	**Perceived capabilities (Self-efficacy)**	**Networking**	**Fear of failure**
Canada	75.6	70.2	79.6	77.5	62.6	51.6	56.7	54.8
France	58.1	65.4	51.8	74.6	50.9	60.5	49.5	50.0
Germany	64.8	51.1	77.5	54.4	41.4	36.5	42.2	43.4
Italy	58.6	67.3	64.3	58.3	33.8	46.3	50.9	52.1
Luxembourg	NA	NA	NA	NA	49.3	45.8	50.2	48.8
Netherlands	NA	NA	NA	NA	67.4	60.4	46.0	40.5
Norway	74.3	57.4	84.7	68.9	68.0	49.2	54.6	42.4
Qatar	69.1	82.2	90.3	77.5	68.7	53.1	68.0	40.0
South Korea	70.3	57.2	90.3	70.3	37.9	37.9	55.4	34.6
Saudi Arabia	NA	95.7	95.4	94.2	93.2	87.9	90.8	57.5
Slovenia	79.6	66.9	86.2	83.0	50.2	55.4	62.8	47.4
Sweden	64.0	61.3	77.2	78.9	69.0	51.5	47.2	42.6
Switzerland	52.7	38.4	74.9	61.7	52.5	54.2	44.9	47.7
United Kingdom	NA	67.3	84.3	78.0	47.2	52.9	52.8	61.3
United States	NA	79.2	78.9	80.6	53.8	44.5	49.0	47.8
Chile	57.7	71.1	65.7	69.4	59.4	72.6	75.7	45.8
China	85.2	79.6	89.9	85.6	69.2	56.1	55.8	66.0
Croatia	76.5	62.7	56.9	67.2	64.1	71.8	73.6	48.2
Cyprus	56.9	76.6	71.7	69.0	39.8	66.9	60.5	57.4
Estonia	59.2	55.7	71.3	61.5	49.5	44.3	46.8	49.8
Greece	60.1	72.9	69.8	58.2	45.3	33.1	53.8	59.7
Hungary	64.2	64.0	65.6	65.7	28.2	51.0	38.3	42.3
Israel	44.3	64.1	86.7	51.8	47.2	68.4	36.9	52.1
Latvia	49.7	54.1	61.0	58.3	43.0	43.9	52.4	41.8
Lithuania	70.0	78.5	64.8	73.1	61.2	70.0	57.1	38.4
Oman	66.6	78.1	83.8	84.8	68.7	60.5	72.9	33.3
Panama	54.8	68.4	71.0	72.3	52.5	48.8	76.6	39.4
Poland	36.3	43.0	63.2	38.3	73.6	46.1	48.0	55.9
Puerto Rico	52.9	71.7	61.6	80.4	63.3	68.0	71.4	42.0
Romania	56.4	77.5	80.4	67.1	55.7	45.5	52.6	59.0
Slovakia	71.2	43.6	60.2	51.4	32.9	59.8	50.7	48.0
Spain	55.4	44.3	53.0	46.3	30.7	48.3	53.2	48.8
Uruguay	64.9	64.3	64.1	67.3	58.3	60.3	69.8	53.6
Brazil	NA	NA	-	-	65.4	70.9	65.9	49.2
Colombia	41.2	55.6	53.0	64.8	60.0	72.4	72.2	38.5
Ecuador	54.5	56.6	54.4	63.4	54.3	65.6	75.2	37.9
Guatemala	61.8	93.9	79.7	56.6	71.9	73.1	78.9	41.8
India	78.7	87.7	91.2	86.1	82.5	56.8	81.6	57.2
Iran	67.8	48.4	86.1	42.8	26.5	53.5	60.9	44.9
Jordan	59.3	78.1	86.3	81.1	47.7	56.7	73.2	54.3
Mexico	62.9	65.2	63.8	65.5	61.5	55.4	69.2	42.4
Morocco	75.7	83.0	82.2	80.5	70.7	45.6	68.2	34.2
South Africa	**74,2**	**78,5**	**85,5**	**83,6**	**64,1**	**39,0**	**69,2**	**52,1**
Thailand	92.7	91.0	90.1	92.9	79.4	22.5	76.5	48.5
Venezuela	NA	NA	NA	NA	65.8	62.0	84.1	32.5



Nothing is Impossible

"To overcome doubt, you must counteract it with faith. God has blessed me with every desire of my heart."

Highlights of How It All Began

My name is Silvia Erasmus, and I began my entrepreneurial experience in September 2019. As women-owned business known as **Silvie's Cakes & Cupcakes**, I started this enterprise as a consumer-based business within the tertiary sector of South Africa. The initial business was started in my home, as I was facing some financial difficulties and needed the extra money. I did not desire to seek another full-time job (outside of doing admin for my husband's company) since I was raising three lovely girls and spending more quality time with them. Thus, I baked my first cake in 2019, and it was extremely successful. Moreover, with the encouragement of my friend, I felt that I could actually be successful in this type of business. Afterwards, I developed a simple menu for my new business. I must admit that, in all honesty, it felt as if God had breathed life into this business venture, which was confirmed by each and every cake I made. Thus began my entrepreneurial journey. One of my first highlights was when my client burst into tears when she first laid eyes on her birthday cake, which I must say was very encouraging and exciting. Another occasion where I was rather overwhelmed was when I baked a birthday cake for "Fashion Guru" Hannon, who also sent me a personal 'thank you', as he was extremely pleased with the outcome.

Business success

My business sucess is predicated on providing the best quality cakes for my clients, and generally reinvest some of the profits into the business to achieve even greater future success. Needless to say, I wish to create a sustainable business that will meet the needs of my clientele, which is generally within my local community. That said, I also work in an administrative position with my husband's company while raising my daughters, which is my first priority. Moreover, as I work alone, I do not have any employees to manage, which makes me highly independent in my baking business. In other words, my business model is quite 'straightforward', and the operation is primarily managed on my terms. However, this could change in the future, as I am open to some form of expansion.



Networking and Business Development

Most of my networking is carried out via WhatsApp Status, Facebook, Instagram, and especially word-of-mouth. Thus, by utilising these tools, I have been able to build a regular and frequent clientele and have accumulated some new customers as a result of the networks that have been established. Last but certainly not least, I work hard, pray, and surround myself with people who push me to reach my full potential.

Financing and/or Funding

I would have to give my husband credit for assisting me in this enterprise, as he has supported me from the beginning. In fact, he would often bring home new baking accessories and even purchased a new large mixer, which made my work much easier. Accordingly, I must say that I have been incredibly blessed to have such a caring and supportive husband. In short, he is my primary support source and is with me 100%, both financially and emotionally. In addition to his support, my clients have also been very encouraging and are the source of my profits, some of which are put back into the business.

Challenges

I suppose the most significant challenge I have encountered is doubting my abilities, as I have had no formal training in the field of baking. However, I have had support from an experienced friend-baker, Shaunet, who greatly assisted me in the beginning. I further submit that having the right people around you is extremely important and a key to success in any endeavour.

Future Plans

I wish to continue using my baking skills to bring joy and delight to the people who have supported me throughout my business journey and satisfy the trust that my customers have placed in me and my products. This business endeavour has been a true blessing for me as I share my joy and success with others.

"Baking is LOVE made edible."

You can reach out to Silvia! at:

silvia@britecoat.co.za

Silvie's Cakes & Cupcakes

@ Silviescakescupcakes

SECTION

03

ENTREPRENEURIAL ACTIVITY TRENDS

SECTION 3

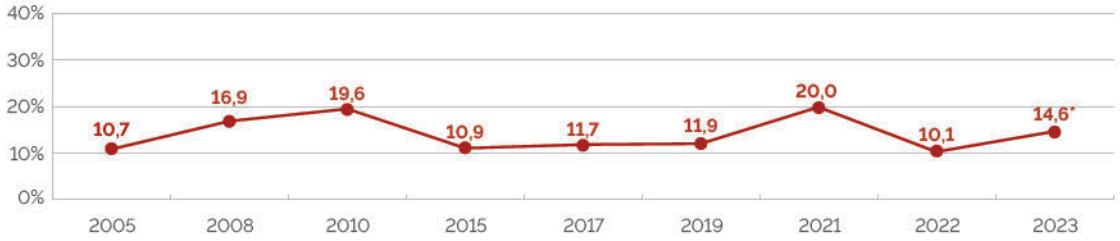
Willie Chinyamurindi, Herring Shava, Angus Bowmaker-Falconer and Natanya Meyer

ENTREPRENEURIAL ACTIVITY TRENDS

3.1 Entrepreneurial activity

Figure 3.1 measures entrepreneurial intentions over 20 years. The 2023 data shows that 14,6% of the adult population, excluding individuals involved in any stage of entrepreneurial activity, showed intentions to start a business within the next 3 years.

Figure 3.1: *Entrepreneurial intentions in South Africa (2003 - 2023)*



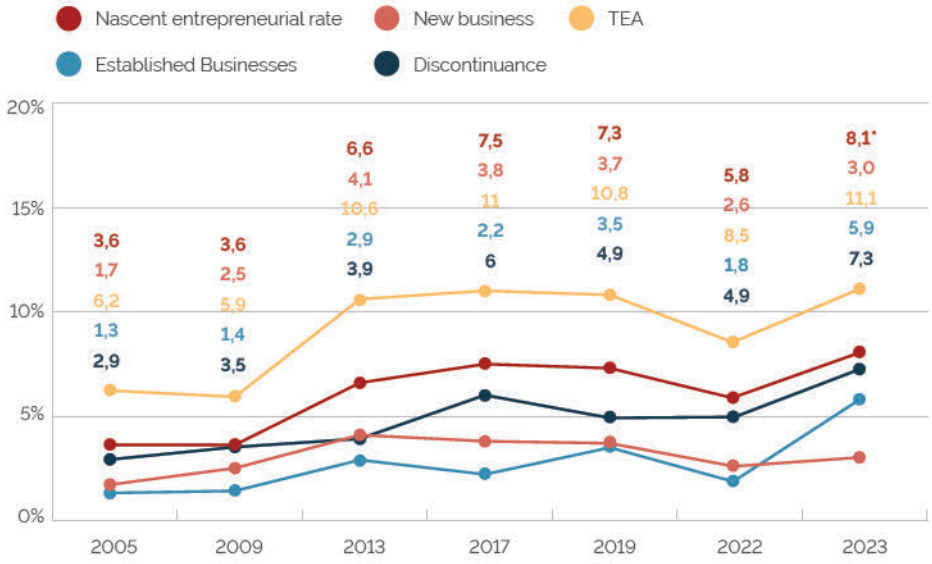
*Read as in 2023, 14,6% of the South African adult population showed intention to start a business in the next 3 years

The data reported in **Figure 3.1** show the entrepreneurial intentions for South Africa over the 20 years, which range between 10.1% as the lowest in 2022 and 20% as the highest in 2021.

Notably, 2021 was around the height of the COVID-19 pandemic and this finding can be viewed in terms of global research showing a period of adversity heightened interest in entrepreneurial intentions, especially during the COVID-19 pandemic[21].

The 2023 figure of 14,6% shows a steady increase from the lowest 10,1% figure in 2022.

Figure 3.2: *Prevalence rates of entrepreneurial activity between 2001 and 2023*



*Read as in 2023, 8,1% of South African businesses were in the nascent stage

[21] Usman, M.A. & Sun, X. (2022). Global pandemic and entrepreneurial intention: How adversity leads to entrepreneurship. *Sage Open*, 12(3), 1-13. https://doi.org/10.1177/21582440221123421

In 2023, 11.1% of the adult population was engaged in TEA (Total Early-Stage Entrepreneurial Activity). This figure shows an improvement from the 2022 rate of 8,5%. The 2023 TEA rates remain higher than those businesses that are established (5,9%) and those classified to be headed towards discontinuance.

The TEA figures between 2001 and 2023 rank highest amongst the other entrepreneurial activities. This a promising trend to observe with the hope that those businesses within the TEA stage get the necessary support to become established businesses. Borrowing from the diffusion theory[22], a need exists to support businesses early in their formation and operation, as this can be a basis through which new ideas emerge and grow over time.

What is concerning is that the discontinuance rate has significantly increased from 4,9% in 2022 to 7,3% in 2023.

Table 3.1: *Reasons for business exits in South Africa (2019 - 2023). The percentage of entrepreneurs exiting a business in the previous year*

Reason	2019	2021	2022	2023
An opportunity to sell the business	3,2	6,0	1,0	14,9*
The business was not profitable	33,1	23,7	24,2	27,7
Problems getting finance	28,8	21,8	25,2	19,3
Another job	9,9	5,9	4,5	4,4
Retirement	2,4	2,1	0,3	5,6
Family or personal reasons	3,2	2,0	0,9	16,7
Government/tax policy/bureaucracy	17,4	5,3	14,4	0,4
The coronavirus pandemic	1,2	0,5	4,0	6,3
Another business opportunity	0,8	1,5	0,7	2,5
Problems with supply	-	29,8	24,7	2,2

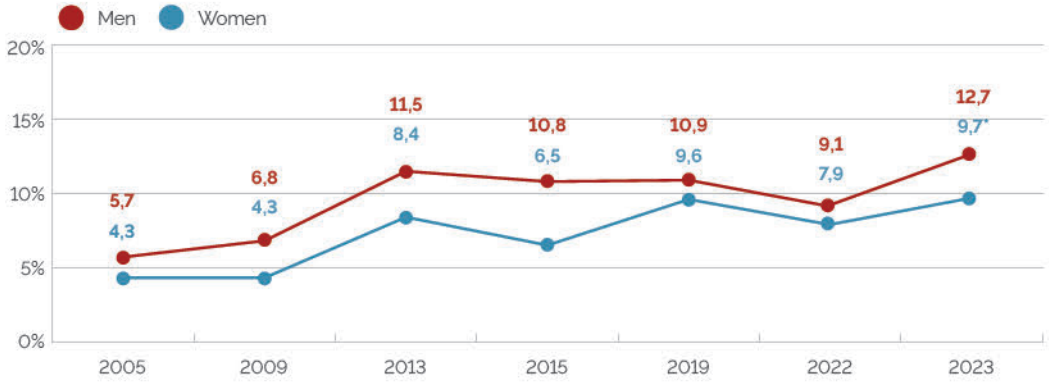
*Read as in 2023, 14,9% of entrepreneurs exited their business due to having an opportunity to sell the business

Notably, the range of reasons for business exit shows similarity to international patterns observed in the literature[23]. The major reason for business exit in 2023 at 27,7% was attributed to a business not being profitable, followed by problems getting finance (19,3%).

3.2 Entrepreneurial activity by gender

Gender exists as an important demographic grouping in South Africa. From a wider perspective, women generally face challenges in society attributed to the intersection between gender and social class. The entrepreneurship data appear to support this.

Figure 3.3: *Total early-stage Entrepreneurial Activity (TEA) by gender in South Africa (2005 - 2023)*



*Read as 9.7% of adult women were engaged in Total early-stage Entrepreneurial Activity (TEA) in 2023

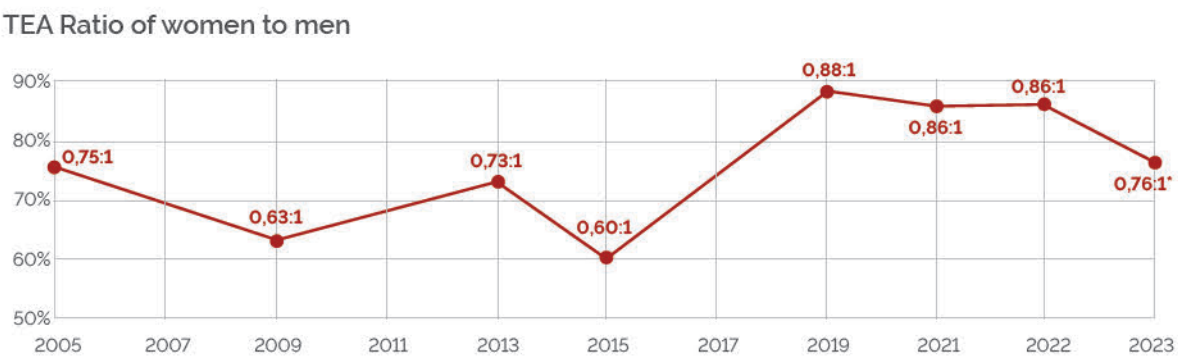
In observing the data in **Figure 3.3**, it can be noted that women generally have lower early-stage entrepreneurial activity than men. Notably, over the 18 years of observation, the difference in figures between women and men was proportionately high.

[22] Rogers, EM. (1983). Diffusion of innovations. (3rd. ed.) New York: Free Press.

[23] Klimas, P., Czakon, W., Kraus, S., Kailer, N. & Maalaoui, A. (2021). Entrepreneurial failure: A synthesis and conceptual framework of its effects. European Management Review, 18, 167-182. https://doi.org/10.1111/emre.12426

Women continue to have lower ratings of early-stage entrepreneurial activity when compared to men. While research indicates that communities stand to grow their economies better when women participate in entrepreneurship[24], it is regrettable that their participation is constantly affected by unequal access to resources that are known to expose people to entrepreneurial opportunities such as information and communication technologies (ICTs)[25].

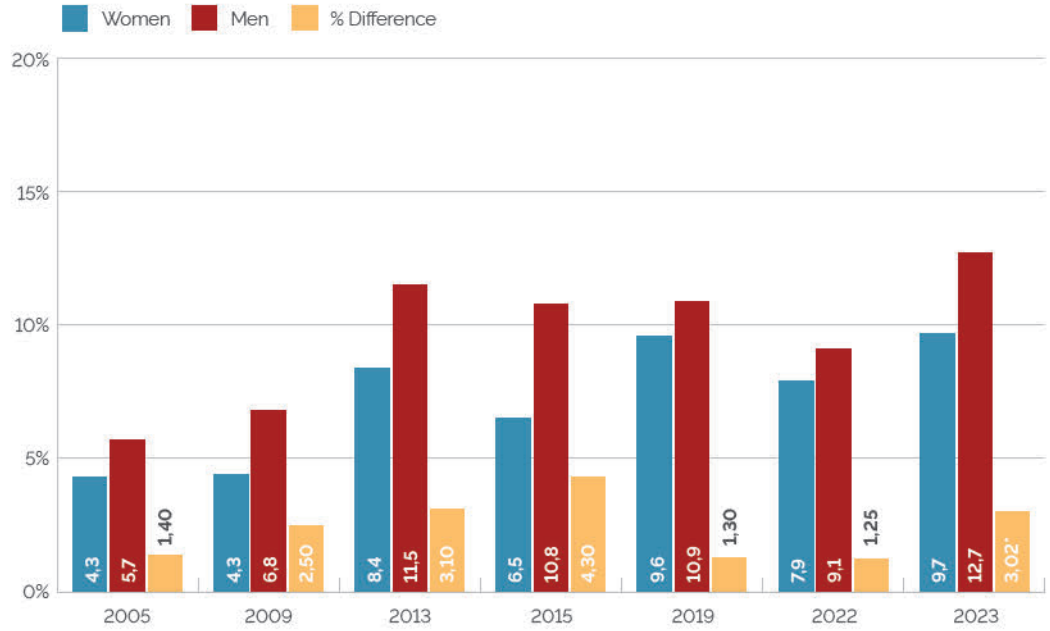
Figure 3.4: *Total early-stage Entrepreneurial Activity (TEA) ratio of women to men in South Africa (2005 - 2023)*



*Read as in 2023, the women to men TEA ratio was 0,76

The data in **Figure 3.4** presents the women-to-men ratio for early-stage entrepreneurship over the past 18 years. In 2023, the ratio was at 0,76. In general, in the 18 years between 2005 and 2023, the ratio remained in favour of men being more likely to be involved in a business than women. Equal access to resources across communities (rural and urban) may also allow women to transform beyond cultural barriers and demonstrate entrepreneurial activities at an early age[26] (OECD, 2018).

Figure 3.5: *Total early-stage Entrepreneurial Activity (TEA) by gender, including % difference, in South Africa (2005 - 2023)*



*Read as in 2023, the difference between women's and men's TEA activity was 3,02%.

[24] Phan, L. (2016). Measuring Women's Empowerment at Household Level Using DHS Data of Four Southeast Asian Countries. *Social Indicators Research*, 126, 359 - 378. 10.1007/s11205-015-0876-y

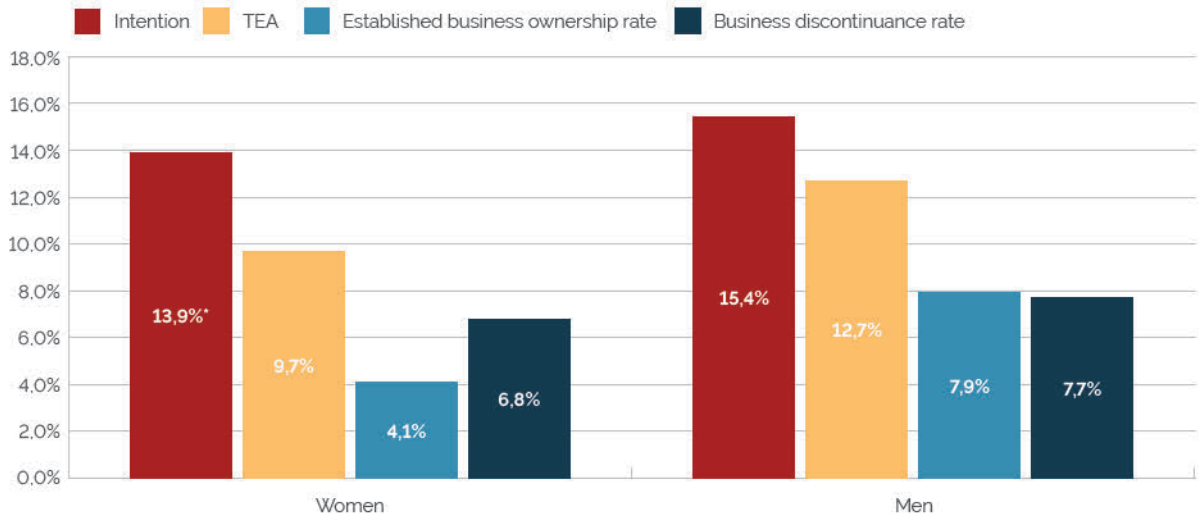
[25] Pashapa, T. & Rivett, U. (2017). Gender of household head and the digital divide in South Africa's settlements. *Gender, Technology and Development*, 21(3), 232-249. https://doi.org/10.1080/03098265.2019.1694876

[26] Organisation for Economic Co-Operation Development (OECD). (2018). *Bridging the digital gender divide: Include, upskill, innovate.* Paris: Organisation for Economic Co-Operation Development.

Salient differences appear between women and men in terms of total early-stage entrepreneurial activity. In terms of the 2023 statistics, the data shows that 9,7% of adult women were engaged in Total early-stage Entrepreneurial Activity (TEA) in 2023 compared to 12,7% for men, with a difference of 3,02%. Viewed over the 18 years (2005 -2023), women continue to have lower ratings of Total early-stage Entrepreneurial Activity (TEA) than men.

Between 2019 and 2022, the difference in terms of Total early-stage Entrepreneurial Activity (TEA) between women and men was marginal despite favouring men. By 2023, the difference between women and men rose to 3,02%. Apart from the skewed distribution of resources between men and women leading to low TEA rates in women, the GEM SA (2019/2020)[27] report also attributes this phenomenon to a culture where entrepreneurship has been constantly viewed as a male-dominated space. Eagly's[28] gender role theory better explains this scenario where, in some societies, there are expectations on how men and women are to conduct themselves. This has led to the general belief that qualities desired for successfully establishing and running a business are masculine[29]. The qualities in question are outlined in entrepreneurship literature as traits and they are associated with men, for example, risk-taking, courage, aggressiveness, independence, and autonomy[30].

Figure 3.6: *Different stages of entrepreneurial activity by gender (2023)*



*Read as in 2023, 13,9% of women had the intention to start a business in the next 3 years

In terms of entrepreneurial intentions, the data shows that a difference exists between women and men. Women had lower entrepreneurial intentions than men, with a difference of 1,5%. Despite this difference, it can be noted that entrepreneurial intentions between women and men in South Africa remain quite low compared to global standards. Entrepreneurship intentions studies support this finding; for example, Shinnar, Hsu, and Powell[31] assessed the impact of an entrepreneurship education course on men and women students' entrepreneurship intentions over a semester. They found that male students' entrepreneurship intentions significantly increased compared to women students. On this finding, gender stereotypes are observed not only to be descriptive but also prescriptive in the sense that they outline norms and behaviours associated with men and women[9]. Therefore, the idea of starting a business somehow for women is perceived as contradicting with their identity, while in men, it is considered acceptable.

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[27] GEM SA (2019/2020) Report. Igniting startups for economic growth and social change. https://www.gemconsortium.org/report/50671

[28] Eagly, A. H. (1987). *Sex Differences in Social Behavior: a Social-role Interpretation.* Hillsdale, NJ: Lawrence Erlbaum Associates.

[29] Heilman, M. E. (2001). Description and prescription: how gender stereotypes prevent women's ascent up the organizational ladder. Journal of Social Issues, 57(4), 657 - 674. https://doi.org/10.1111/0022-4537.00234

[30] Gupta, V. K., Turban, D. B., Wasti, S. A., & Sikdar, A. (2009). The role of gender stereotypes in perceptions of entrepreneurs and intentions to become an entrepreneur. *Entrepreneurship Theory Practice*, 33(2), 397 - 417. https://doi.org/10.1111/j.1540-6520.2009.00296.x

[31] Shinnar, R. S., Hsu, D. K., & Powell, B. C. (2014). Self-efficacy, entrepreneurial intentions, and gender: Assessing the impact of entrepreneurship education longitudinally. *The International Journal of Management Education*, *12*(3), 561-570. http://dx.doi.org/10.1016/j.ijme.2014.09.005

In terms of the established business ownership rate, again, women, when compared to men have lower ratings with a difference almost double (3,8%). This is not only worrying but also not surprising. Given that the entrepreneurial intentions rate is lower for women compared to men, it would be expected the same to also apply in terms of the rate of established business ownership. A slight margin difference of 0,9% exists between men and women in terms of the business discontinuance rate. In essence, despite women and men being more likely to exit a business, the difference is marginal.

Table 3.2: *Different stages of entrepreneurial activity by gender (2022-2023)*

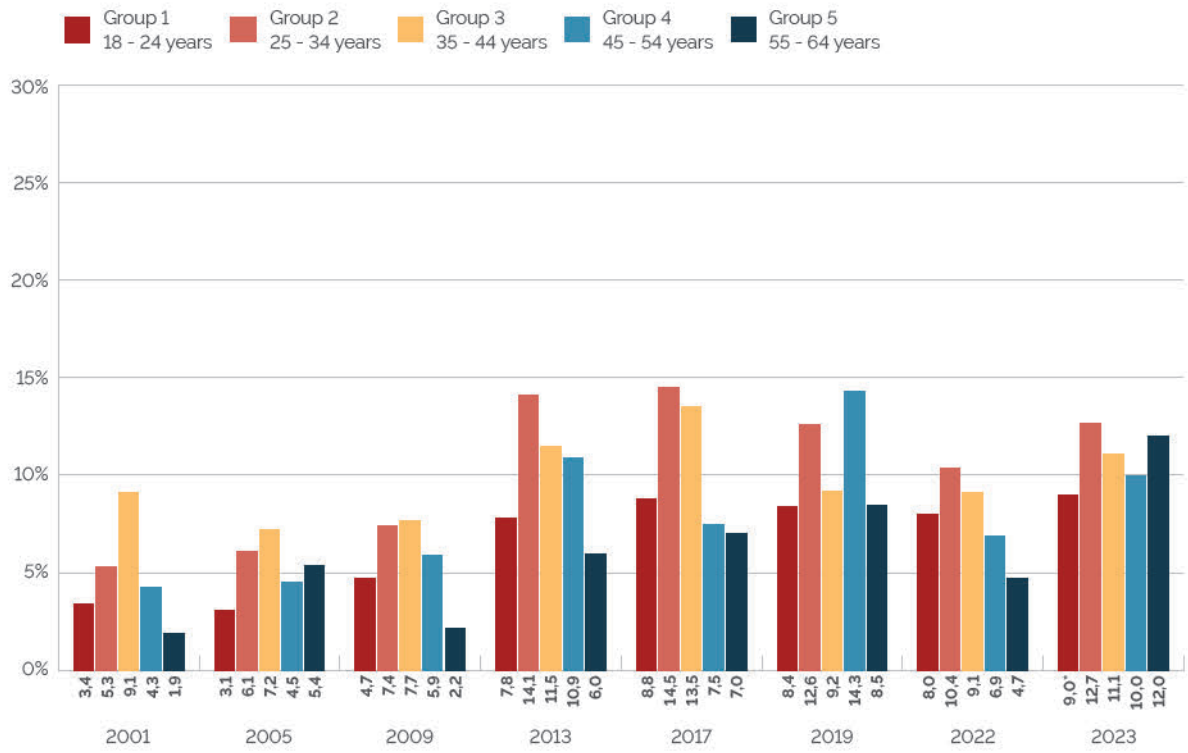
	2022		2023	
	Men	Women	Men	Women
Intention	11,3%	8,9%	15,4%	13,9%
TEA	9,1%	7,9%	12,7%	9,7%
Established Business	2,0%	1,7%	7,9%	4,1%
Discontinuance	4,6%	5,2%	7,7%	6,8%

Informed by the results in **Figure 3.6** comparing the years 2022 and 2023, women generally had lower ratings than men. This is shown in **Table 3.2**. As with the data in **Figure 3.6**, marginal differences are noted in terms of the established business ownership and discontinuance rates. Notably, women continue to have lower rates than men.

3.3 Entrepreneurial activity by age

Entrepreneurial activity can also be measured against age. The TEA breakdown by age is shown in **Figure 3.7**.

Figure 3.7: *TEA by age in South Africa (2001-2023) (%)*



*Read as in 2023, 9% of people involved in TEA were in the age category of 18 to 24 years

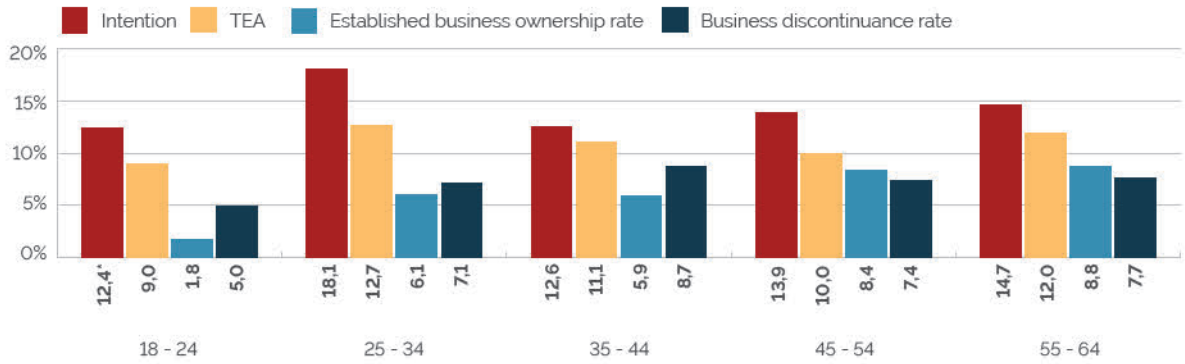
Generally, over 21 years, **Figure 3.7** shows a trend of increasingly younger people becoming involved in entrepreneurship Group 1 (18 - 24 years) and Group 2 (25 - 34 years). This is an encouraging trend, however, these two age groupings face very high unemployment which may be driving this trend. In 2023 the 55- 64 year old category peaked at 12% for involvement in new business creation. This is off a base of 3.4% in 2001. This trend could reflect the need for ongoing economic engagement for this segment, be it for interests or financial needs.

South Africa has faced its highest unemployment rate since the dawn of democracy in 1994, which Terrance[32] blamed on the mismatch between skills possessed by graduates and those sought by the labour market. Alvi[33] attributes this to massive job cuts necessitated by the global economic downturn primarily driven by the COVID-19 pandemic. As the debate of causes of unemployment in South Africa continues, it appears that the youth have come to accept that the everchanging labour market requires a person to be creative, dynamic, and entrepreneurial enough to put food on the table. In the entrepreneurship literature, a person is either pulled or pushed to become an entrepreneur[34]. In the case of South African youth, the push factor largely explains a sharp increase in entrepreneurial activity.

In 2023, 9% of the adults between 18 and 24 years were engaged in TEA (Total Early-Stage Entrepreneurial Activity). Despite being praiseworthy, the figures against the other cohorts remain slightly high. Notably, a percentile increase of not more than 3% exists with the other age cohorts. This paints a picture of low entrepreneurial activity across the different age groups. In South Africa, most youths between 18 and 24 study at higher education institutions, such as TVETS and universities. After attaining a qualification at an institution of higher learning, entrepreneurship becomes an attractive career after being exposed to entrepreneurship education. Therefore, possessing the right skills for running an entrepreneur could significantly drive increased entrepreneurship activity among youth aged between 25 to 34 years[35],[36],[37].

Sometimes, when a person fails to attain the desired qualification, being an entrepreneur becomes the only viable career path. This could also explain the high rate of entrepreneurial activity between the ages of 25 to 34 and 35 to 44 years. The majority of people aged between 55 and 64 are seen to be engaging in entrepreneurship activity, and this could be explained by the desire to be one's boss, independence, autonomy, and seeking adventure, which formal employment fails to offer. Another explanation is that some individuals prefer to gain experience running a firm through paid employment[38]. In contrast, others save monthly salaries to raise start-up capital, hence starting their venture very late.

Figure 3.8: *Different stages of entrepreneurial activity by age (2023) (%)*



*Read as in 2023, 12,4% of the adults between 18 and 24 years had intention to start a business in the next 3 years

Regarding entrepreneurial intentions, **Figure 3.8** shows a combined weighting of 30,5% of adults between 18-24 and those between 25-34 years. In essence, entrepreneurial intentions largely remain amongst the youth of South Africa.

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[32] Terrance, M. T. (2023). Determinants and Prospects of Graduate Unemployment in South Africa. *African Journal of Development Studies*, *13*(4), 109-129. https://doi.org/10.31920/2634-3649/2023/v13n4a6

[33] Alvi, I. (2022). Tackling Graduate Unemployment: A Theoretical Framework. *Adam Academy Journal of Social Sciences,* 12(1), 211-224. https://doi.org/10.31679/adamakademi.1018477

[34] Dawson, C., & Henley, A. (2012). 'Push' versus 'pull' entrepreneurship: an ambiguous distinction? *International Journal of Entrepreneurial Behavior and Research,* 18(6), 697-712. https://doi.org/10.1108/13552551211268139

[35] Davidsson, P. & Honig, B. (2003). The Role of Social and Human Capital Among Nascent Entrepreneurs. *Journal of Business Venturing*, 18(3), 301–331. https://doi.org/10.1016/S0883-9026(02)00097-6

[36] Kim, P., Aldrich, H.E., & Keister, L.A. (2007). 'Access (Not) Denied: The Impact of Financial, Human, and Cultural Capital on Entrepreneurial Entry in the United States', *Small Business Economics* (this issue). https://doi.org/10.1007/s11187-006-0007-x

[37] Wagner, J. (2004). Are Young and Small Firms Hothouses for Nascent Entrepreneurship? Evidence from German Micro Data. *Applied Economics Quarterly,* 50(4), 379–391. https://dx.doi.org/10.2139/ssrn.494202

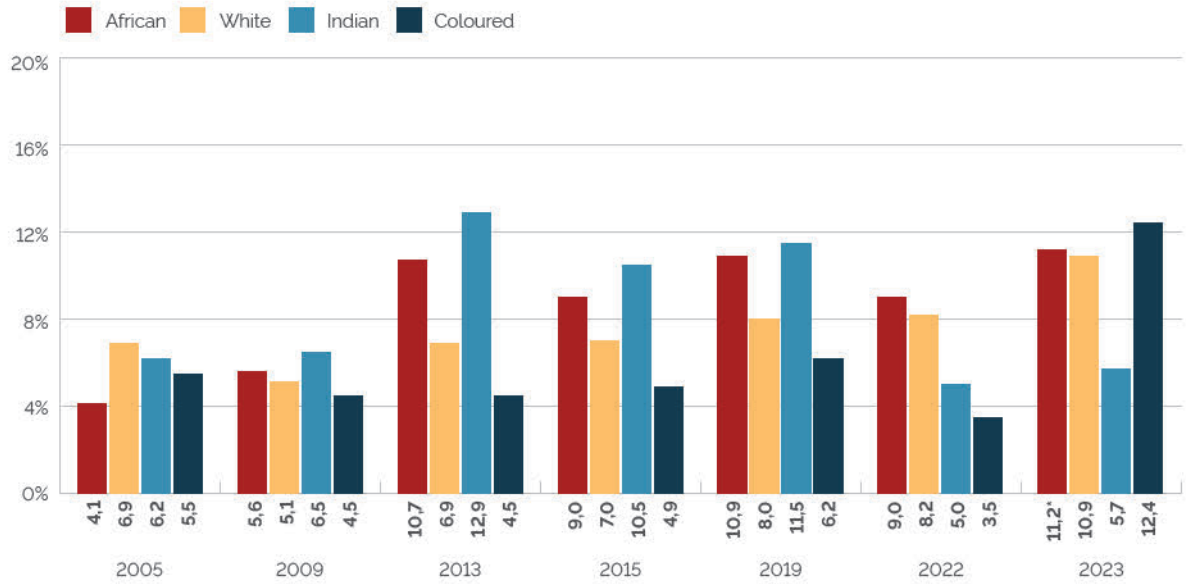
[38] Burke, A. E., FitzRoy, F. R., & Nolan, M. A. (2008). What makes a die-hard entrepreneur? Beyond the 'employee or entrepreneur' dichotomy. *Small Business Economics*, *31*, 93-115. https://doi.org/10.1007/s11187-007-9086-6

The figure for entrepreneurial intentions remains steadily high beyond the age 35 years cohort. This equally paints a picture that the intention to start a business remains an enduring pattern of behaviour even in the late adulthood stages.

In terms of established business activity, as shown in **Figure 3.8**, this activity is increasing with age. A low rate of 1.8% is observed with the 18-24 years age cohort. However, the figure increases as the person's age increases in terms of established business activity. As a person's age increases, so does their relative experience in life and entrepreneurial activity. It is also important to note that some individuals are serial entrepreneurs who, in their lifetime, have started many entrepreneurial ventures and amassed extensive experience in starting and running a business venture[39]. Such individuals command a significant portion of entrepreneurial activity in a country[40].

3.4 Entrepreneurial activity by race

Figure 3.9: *TEA by race over 18 years between 2005 and 2023*



*Read as 11,2% of Africans were engaged in early-stage entrepreneurial activity in 2023.

African TEA rates increase steadily from 4,1% in 2005 to a high of 11,2% in 2023.

White TEA rates were 6.9% in 2005, with the highest rate of 10,9% in 2023.

Indian TEA rates were 6,9% in 2005 and increased significantly over time, with highs in 2023 (12,9%) and 2019 (11,5%). The TEA rate unexpectedly dropped to 5,0% in 2022 and have increased slightly to 5,7% in 2023.

Coloured TEA rates were 5,5% in 2005, peaking at 6,2% in 2019, but dropped to 3,5% in 2022. This then increases significantly to 12,4% in 2023 which is difficult to explain without further research.

Entrepreneurship is a viable path for economic engagement for those that have the appetite, capabilities and risk profile for this. The varying rates of TEA by race shown here may be attributable to the social value differences attached to entrepreneurship as a career. It has been found that race and identity matter in entrepreneurship[41].

In the USA it has been found that some demographic groups increasingly pursue entrepreneurship as an economic option due to discrimination and the limited opportunities for employment in mainstream organisations. Specifically, as a result of black people being forced to accept a low periphery status when hired[42]. This likely has direct relevance in South Africa, given the systemic discrimination of the past.

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[39] Westhead, P., Ucbasaran, D., Wright, M., & Binks, M. (2005). Novice, serial, and portfolio entrepreneur behavior and contributions. *Small Business Economics*, *25*, 109–132. https://doi.org/10.1007/s11187-003-6461-9

[40] Plehn-Dujowich, J. (2010). A theory of serial entrepreneurship. *Small Business Economics*, *35*, 377-398. https://dx.doi.org/10.1007/s11187-008-9171-5

[41] Mazzilli, C., Garba, F. and Hagen-Zanker, J., 2023. "Becoming someone"–the imagery of South Africa as a destination by Ethiopian migrants. *Global Africa*.

[42] Ray, V. (2019). A theory of racialised organisations. *American Sociological Review*, 84(1), 26–53. https://doi.org/10.1177/0003122418822335

Regarding entrepreneurship, the more individuals within a given race that can succeed in their entrepreneurial endeavours in a specific sector, the more appealing entrepreneurship may become to formal employment, driving more individuals to follow suit in the same sector.

Race and identity are, therefore, central to how individuals demonstrate entrepreneurial activity as they play a critical role in resource gathering, leading to venture start-ups and growth and the general acceptance of products and services on offer [43], [44], [45], [46], [47].

[43] Knight, M. (2014). Race-ing, classing and gendering racialised women's participation in entrepreneurship. *Gender, Work and Organization,* 23, 310–327. https://doi.org/10.1111/gwao.12060

[44] Orozco, M. (2021). The salience of ethnic identity in entrepreneurship: An ethnic strategies of business action framework. *Small Business Economics*, 1-26, 243–268. https://doi.org/10.1007/s11187-021-00532-2

[45] Prieto, L., Phipps, S., Giugni, L., & Stott, N. (2021). Teaching (cooperative) business: The "Bluefield experiment" and the future of Black business schools. *Academy of Management Learning & Education*, 20(3), 320–341. https://doi.org/10.5465/amle.2020.0127

[46] Rindova, V., Barry, D., & Ketchen, D. J., Jr. (2009). Entrepreneuring as emancipation. *Academy of Management Review,* 34(3), 477–491. https://doi.org/10.5465/amr. 2009.40632647

[47] Santos, S.C., Liguori, E.W., Morris, M.H., & Gibbs, S. (2024). A racial identity approach to entrepreneurship: the lived experiences of African American and Black entrepreneurs. *Small Business Economics*. https://doi.org/10.1007/s11187-024-00909-z

3.5 Implications and recommendations for future policy direction

Based on the data and discussion in this section, some policy implications and recommendations:

1. **There is a need to support entrepreneurs across different stages of entrepreneurship development and cater for their varying needs, as shown by the data:**
   - **Encourage business incubators and accelerators:** With 14,6% of the adult population showing intentions to start a business, there is a clear interest that could be nurtured.
   - **Policies could be implemented that support incubators and accelerators**: Direct funding for mentorships and financial advice to startups, tailored across the entrepreneurial development life cycle.
   - **Access to funding:** Tailored support and advice for startups in the different phases of business development.
2. **Educational initiatives:**
   - **Entrepreneurship education:** A recent study shows the necessity for entrepreneurship education with a fusion of the use of formal and informal networks[48].
   - Integrate **entrepreneurship training** into educational curricula at all levels. The idea here has been advocated by platforms such as the Entrepreneurship Development in Higher Education (EDHE). This includes workshops, courses, and seminars on starting and managing a business.
   - **Skills development:** Offer specialised programs to help potential entrepreneurs develop essential skills such as business planning, financial management, and marketing. Integrating efforts with work done through the Sector Education Training Authority organisations could be crucial.
3. **Streamlining business registration and startup support:**
   - **Reduce bureaucracy:** Simplify the process entailed in business registration. This could include the use of digital solutions to make the process more efficient.
4. **Promote resilience and adaptability:**
   - **Support for adverse conditions:** Policies could be designed to support entrepreneurs during times of crisis, such as providing emergency funds or advisory services. This entails part of the post-pandemic recovery process.
5. **Encouraging innovation and small business growth:**
   - **Innovation grants:** Provide grants or tax incentives for businesses that focus on innovative solutions, especially in sectors that are crucial for economic recovery and growth.

[48] Soda, R. and Chinyamurindi, W.T., (2024). Transition Experiences from Student to Business Owner: A Narrative Analysis among Nascent Entrepreneurs. *Southern African Business Review*, pp.25-pages.

Table 3.3: *Global trends of entrepreneurial activity*

Country	Entrepreneurial intentions rate	Nascent entrepreneurship rate	New business ownership rate	Early-stage entrepreneurial activity rate (TEA rate)	Established business ownership rate	Business discontinuance rate
Canada	24.1	15.1	9.3	19.8	7.8	10.2
France	17.2	7.7	3.4	10.8	4.6	3.6
Germany	11.7	5.0	3.1	7.7	4.1	2.7
Italy	14.0	5.8	3.3	8.3	7.8	2.7
Luxembourg	18.9	7.7	3.3	9.7	4.2	4.4
Netherlands	20.9	8.8	6.0	13.7	6.9	6.3
Norway	10.9	4.2	2.9	6.9	7.6	3.2
Qatar	46.8	9.7	5.1	14.3	4.4	9.6
South Korea	34.3	8.7	1.6	10.2	19.7	2.5
Saudi Arabia	41.8	8.7	17.0	25.3	13.6	8.4
Slovenia	18.0	4.4	2.8	7.1	8.8	3.5
Sweden	13.2	7.0	3.2	9.3	5.5	4.3
Switzerland	15.0	7.6	3.2	10.3	5.8	3.5
United Kingdom	13.9	8.3	3.7	11.8	6.3	3.2
United States	17.9	12.3	4.8	14.7	6.7	6.4
Chile	53.9	22.2	9.7	31.1	5.3	10.4
China	9.0	2.9	4.4	6.8	4.2	3.7
Croatia	28.0	10.4	4.0	13.2	5.2	4.1
Cyprus	23.4	6.8	4.7	11.0	8.2	2.5
Estonia	18.3	10.7	3.1	13.1	7.9	4.0
Greece	10.6	3.9	3.1	6.7	14.7	2.1
Hungary	10.8	5.5	4.8	9.9	7.4	3.5
Israel	18.5	6.2	3.2	8.7	3.5	3.7
Latvia	24.4	9.3	5.3	14.3	10.7	3.7
Lithuania	12.0	3.6	3.2	6.7	14.6	2.9
Oman	66.4	6.8	5.0	10.6	3.2	13.0
Panama	53.8	22.6	10.1	31.3	5.1	9.9
Poland	3.5	1.5	1.1	2.6	11.6	3.4
Puerto Rico	37.2	16.7	6.0	22.3	6.0	4.7
Romania	9.0	3.6	2.6	5.9	5.1	1.4
Slovakia	15.4	8.5	2.6	10.8	4.0	3.1
Spain	11.2	4.0	3.6	6.8	6.7	3.2
Uruguay	43.8	20.1	6.6	26.2	7.3	7.9
Brazil	49.6	7.7	11.1	18.6	11.9	11.4
Colombia	24.5	16.1	8.1	23.6	3.4	4.8
Ecuador	55.8	20.8	13.0	32.7	24.0	9.8
Guatemala	46.4	20.3	14.3	32.4	13.2	8.0
India	23.7	8.9	3.4	12.0	12.4	4.4
Iran	17.8	4.5	5.2	9.8	9.8	5.2
Jordan	49.3	8.3	8.2	15.7	7.2	10.6
Mexico	33.2	12.5	5.4	16.8	3.2	11.6
Morocco	23.9	3.1	3.3	6.3	6.8	5.2
South Africa	**14,6**	**8,1**	**5,1**	**11,1**	**5,9**	**7,3**
Thailand	40.2	12.7	11.7	23.6	11.8	6.8
Venezuela	56.1	16.6	6.7	22.7	4.5	11.6

SECTION

04

ENTREPRENEURIAL MOTIVES AND OUTCOMES

SECTION 4

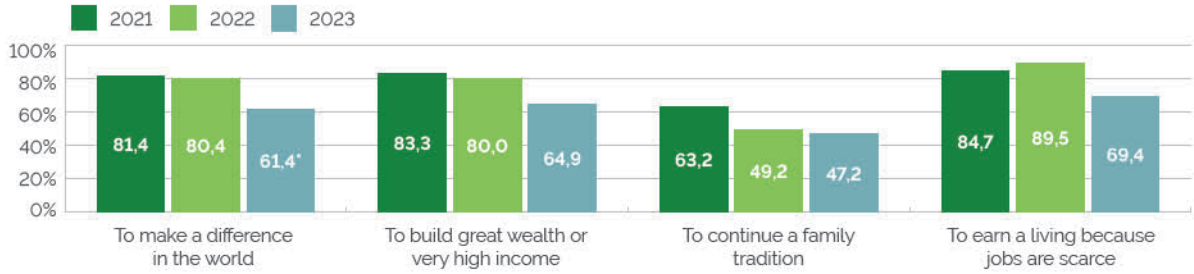
Caren Scheepers, Poh Yen Ng, Chris Schachtebeck and Angus Bowmaker-Falconer

ENTREPRENEURIAL MOTIVES AND OUTCOMES

4.1 Entrepreneurial motives

Entrepreneurial motives refer to the underlying reasons or drivers that inspire individuals to start and run their own businesses. Generally speaking, these motives can include economic motives, personal fulfilment, the need to be recognised in society, to innovate, or for social motives. These motives vary greatly from one entrepreneur to another and often tend to overlap, driving individuals to take on the challenge (and risk) associated with starting and growing a business. In the context of this report, these entrepreneurial motives can be categorised under the themes of i) to make a difference in the world, ii) to build great wealth or very high income, iii) to continue a family tradition and iv) to earn a living because jobs are scarce. **Figure 4.1** indicates the entrepreneurial motives in South Africa between 2021 and 2023.

Figure 4.1: *Entrepreneurial Motives in South Africa (2021 - 2023)*



*Read as in 2023, 61,4% of the South African early-stage entrepreneurs indicated making a difference in the world as their motive for starting a business

In 2021 and 2022, a significant number of individuals were motivated by the desire to make a difference in the world and to build wealth or achieve a high income, as well as to earn a living because jobs are scarce. However, in 2023, there was a noticeable decline in these motivations. The most prominent reason was 'to earn a living because jobs are scarce' (69,4%), reflecting the challenging socio-economic conditions in South Africa, with very high levels of unemployment and poverty. This was followed by the reason 'to build great wealth or a very high income' (64,9%), as well as 'to make a difference in the world' (61,4%). This indicates that the overarching reasons to become an entrepreneur are the pursuit of wealth and high income, as well as the need to change the world. While economic necessity and personal gain were strong motivators for entrepreneurs, their influence has varied over time, showing a trend towards different priorities in recent years.

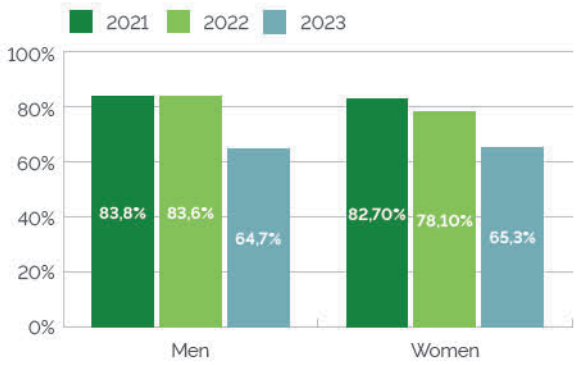
Figure 4.2 investigates these same entrepreneurial motives, however, viewed from a gender perspective. Both men and women have shown a decreasing trend in their motivation to make a difference in the world over the three years. The decline could suggest that external factors such as economic pressures or changing societal values are influencing entrepreneurial motivations, causing a shift away from altruistic goals towards possibly more practical or survival-oriented motives. It is also notable that more women than men (63,3% vs 59,6%) have the motive 'to make a difference in the world'.

A similar trend can be seen when looking at the motive 'to build great wealth or a very high income'. Between 2021 and 2023, a similar decreasing trend for both men and women can be observed. In 2023, only 64,7% of men and 65.3% of women held the motive to build great wealth or a high income. Similar to the previous motive, reasons for this could also include the challenging socio-economic conditions in South Africa. The same trend can be observed for both men and women in terms of wanting to continue a family tradition. This entrepreneurial motive declined as well drastically between 2021 and 2023, with only 47,8% of men and 46,2% of women holding this motive.

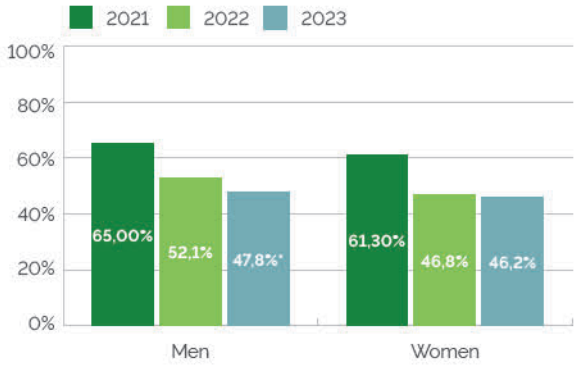
Interestingly, the entrepreneurial motive 'to earn a living' was the highest for both men and women, albeit with a substantial decrease from prior years. The percentage of men and women holding this motive was, however, very similar at around 69%, thereby reaffirming the possible influence of South Africa's challenging socio-economic conditions.

Figure 4.2: *Entrepreneurial motivation by gender in South Africa (TEA) (2021 - 2023)*

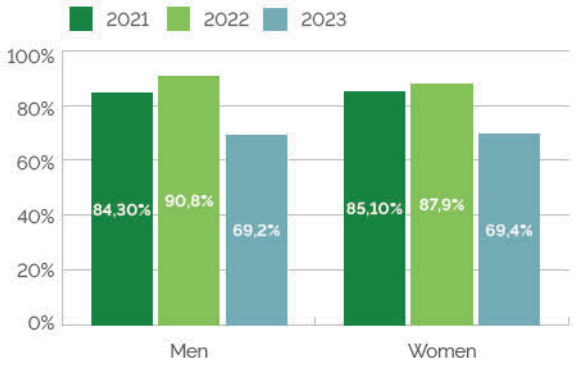
To build great wealth or a very high income



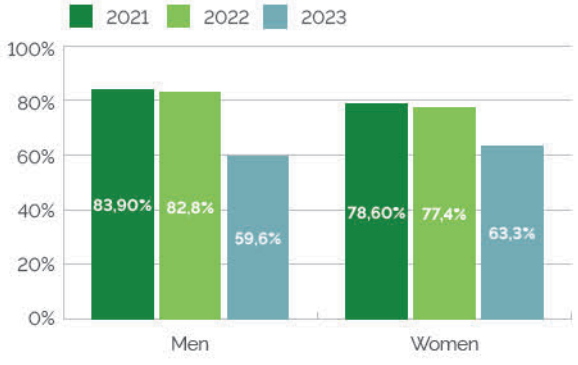
To continue a family tradition



To earn a living



To make a difference in the world



*Read as in 2023, 47,8% of South African adult men who are early-stage entrepreneurs listed 'to continue a family tradition, as their motive for starting a business

4.2 Entrepreneurial background (sector)

Entrepreneurs broadly operate in one of four sectors in South Africa. These include extractive industries, such as mining, transforming industries, such as manufacturing, business services aimed at a business-to-business context, or consumer-oriented services that cater directly to the end user (consumer).

> **Extractive:** including oil and gas, mining and agriculture.
>
> **Transforming:** including manufacturing and transport.
>
> **Business Services:** including communications and professional services.
>
> **Consumer Services:** including hotels and restaurants, retailing, and personal services.

Figure 4.3 shows the TEA by gender across these four broad sectors in South Africa. It is evident that most entrepreneurs, both men and women, operate in the consumer-oriented category. The smallest percentage of entrepreneurs can be found in the extractive industries. This could also be explained by the declining commodity industry in South Africa, as well as the high cost of entry into this sector, given high capital requirements. It can be seen that between 2022 and 2023, a dramatic drop in the percentage of men operating in this industry. The percentage decreased from 7,20% in 2022 to 1,7% in 2023. A similar, albeit much smaller, drop can be observed for women entrepreneurs, with a drop from 1,90% to 0,7%. The electricity crisis in South Africa could partly explain this, as extractive industries tend to be very energy-intensive. As in previous years, more men than women entrepreneurs are active in this industry.

When observing the transforming sector, the percentage of men has increased from 20,7% to 26,7% from 2022 to 2023. Fewer women are active in this industry, with a substantial drop from 19,4% to 14,8% from 2022 to 2023. These trends highlight the dynamic nature of entrepreneurship in South Africa, with varying opportunities and challenges across different sectors and genders.

Similar to the extractive sector, both genders experienced a decline in the business services sector, which might reflect broader economic challenges or shifts in market demand. While still more men than women are active in this sector, the percentage of both men and women has substantially reduced in 2023 to 4,5% and 2,7%, respectively. On the other hand, the consumer-oriented sector experienced explosive growth for both genders, indicating a strong market for consumer goods and services. This indicates that both men and women are more focused on consumer businesses. However, it may also be due to lower barriers to entry, existing market demand and simpler business models in this sector. Similar to 2022, in 2023, more women than men (81,9% vs 67%, respectively) were active in the consumer-oriented category.



Leano Fragrances



Business Journey

I was initially introduced to fragrances by my late brother when I was rather young, and by 2018, I became familiar with perfume composition and processing. Thus, I would have to give my late, older brother credit for our current success. Our family operation began during the COVID-19 pandemic in the year 2020. In the same year, my partner fell pregnant with our first child, whom we named Leano; thus, the company was named after our firstborn. Since my introduction to fragrances, I have had a passion for developing innovative scents that appeal to a broad range of people. However, even with much optimism, the pandemic constrained our efforts to sponsor events and promotions for our products during that period. In the face of such adversity, we learned that in order to properly organise a business, you must be flexible; hence, from the beginning we have focused on evolving our business by expanding from marketing to manufacturing and also wholesale operations. I have also used my diploma in Financial Information Systems, which has helped me advance my business plan and operations. Furthermore, I used my past experiences as a mentor representing the Central University of Technology's Debate Team and led the Advancement of Black Accountants in South Africa (ABSA).

Business Model and Value

Our value is predicated on a rigorous customer-centric approach, which is our primary focus. Thus, we maintain high-quality standards by providing excellent customer service, high quality products, and competitive pricing. Moreover, our exquisitely engineered fragrances are made available to retailers and individual private customers, allowing us to appeal to a broad market sector. Subsequently, due to our focus on integrity, quality, and commitment to our clients, we have a high customer retention rate. Moreover, we are actively involved in various outreach events such as flea markets and have developed agents that can earn a 30% return on our products they market. In short, we are not only providing a unique and quality product line, but we also support the community by sponsoring agents, thereby creating jobs in our current depressed economic climate. Essentially, our business model is to supply unique and original fragrances and accessories that appeal to a broad-based clientele.

Networking

As a young and developing company, we are dedicated to providing and joining platforms that showcase our brand. Thus, I focus on networking via my workplace, participating in social entrepreneurial activities, collaborating with NGOs and business forums, and hosting events via social media platforms. We also participate in flea markets and exhibitions throughout Johannesburg, South Africa. In short, we not only operate a growing and successful business venture, but we also contribute to our local community, which is a byproduct of extensive networking and establishing productive business relationships with individuals and retail outlets.

Funding

From the start, I have personally provided the operational funds for this start-up, along with some angel investors and some family assistance. That said, I personally believe that having a proper mentor and a pragmatic business plan is highly important to the success of any business venture. Moreover, one must realise that the business operations must be organised, and owners must adopt or develop appropriate systems that help track and document all transactions. Thus, even though funding is essential, entrepreneurs must understand the psychology of money and the importance of strict documentation/accounting protocols. Once you have established a sound business plan, systems, and client retention, you will find that funding will become more readily accessible.

Opportunities and Challenges

Government agencies, as well as the private sector, can assist entrepreneurs in many cases; however, in South Africa, many of the SMEs lack appropriate and accurate information. The most important aspect of operating a small business is a willingness to establish a sound and organised business model. I sincerely believe there are numerous business opportunities available, but being organised is still "the real elephant in the room." In short, be proactive, develop your business plan, and follow through with optimism.

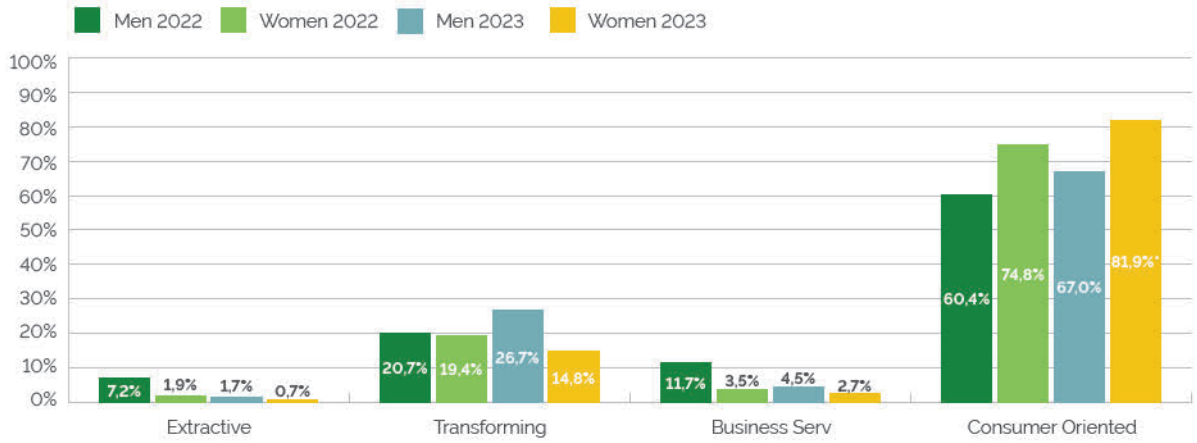
Future Objectives

My ultimate goal is to expand my brand not only nationally but globally, using e-commerce as a primary vehicle. In conclusion, I would like to extend the following message:

"One day, it will all make sense."

You can reach out to Kenneth at:
keamogetse.kenneth@gmail.com
Leano Fragrances

Figure 4.3: *TEA by gender across the four broad sectors in South Africa (2022)*



*Read as in 2023, 81,9% of women involved in early-stage entrepreneurship operated their business in one of the customer-oriented sectors

Table 4.1 shows the percentage of early-stage and established entrepreneurs across all sectors in South Africa for the years 2022 and 2023. In the agriculture, forestry and fishing sector, fewer new entrepreneurs are entering this sector. Those who are established seem to be growing, indicating stability and potential growth for existing businesses. In the mining and construction sector, both new and established entrepreneurs are growing in this sector, suggesting a robust and expanding industry. This could also be attributed to the South African government's focus on the construction sector and improved provision of basic infrastructure.

In the manufacturing sector, the significant growth in new entrepreneurs indicates a revitalisation of the manufacturing sector, with established businesses also seeing growth. It is notable in the utilisation, transport and storage sector that the percentage of established entrepreneurs has grown substantially. This suggests consolidation and growth among existing businesses.

Other notable statistics include a growth in established entrepreneurs in the information and communication sector, indicating emerging opportunities in this sector. Given the boom in digital transformation and ICT sophistication across the world, this seems to be an emerging area of opportunity. Sharp declines in professional services can be noted, indicating a sector that may not be as attractive to entrepreneurs as in previous years. Other reasons may include the regulatory environment or other barriers to entry.

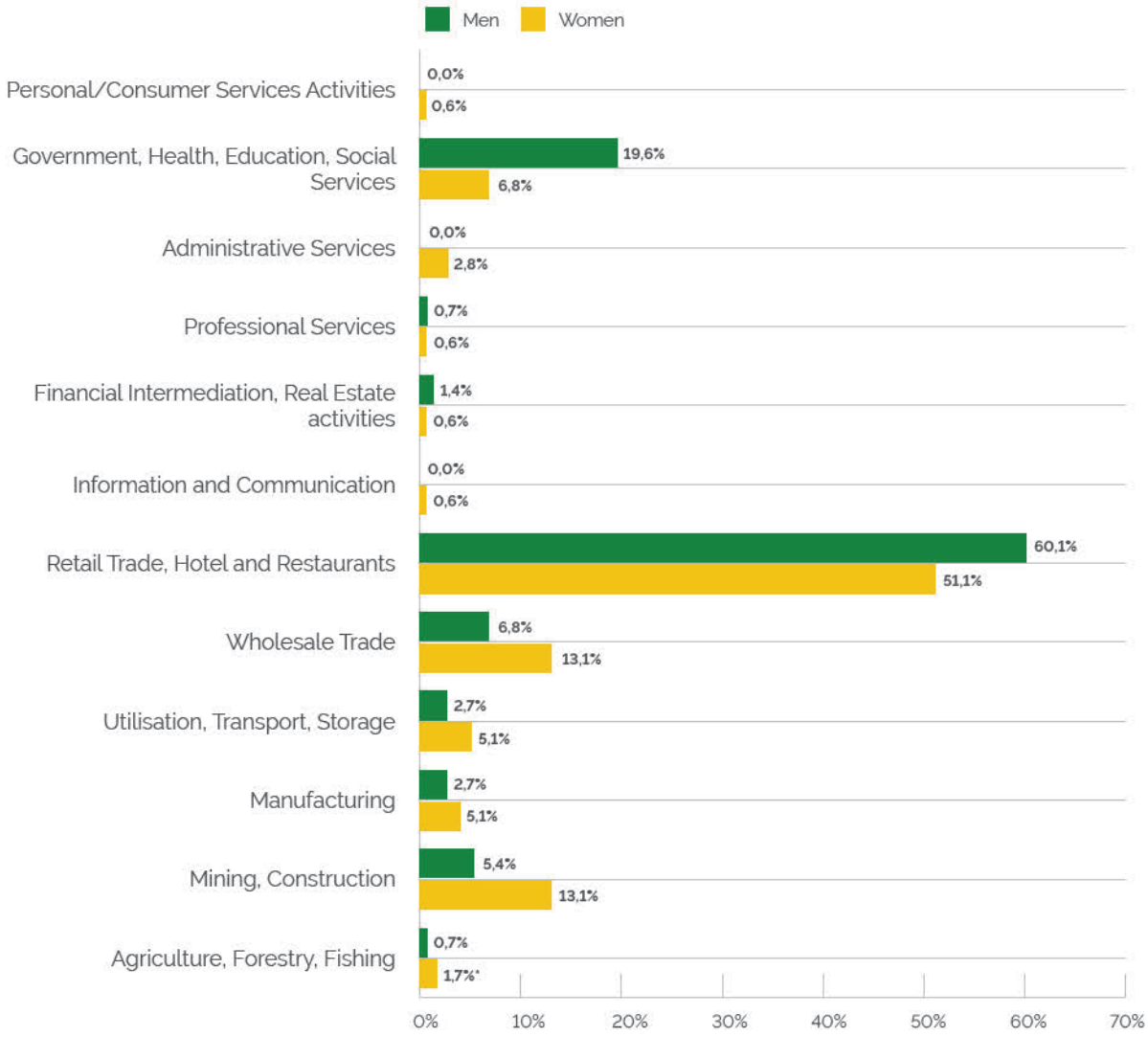
A sharp decline from 2022 to 2023 for both early-stage and established entrepreneurs can be noted in the government, health, education and social services sector. This could be attributed to a decline in government expenditure, which reduces available opportunities for both early-stage and established entrepreneurs.

Table 4.1: *Distribution of TEA and EBO across all sectors in South Africa (2022 - 2023)*

Sector	Early-stage entrepreneurs	Established entrepreneurs	Early-stage entrepreneurs	Established entrepreneurs
	2022		2023	
Agriculture, forestry, fishing	4,5	2,6	1,2*	3,3
Mining, construction	5,4	8,9	9,5	11,3
Manufacturing	6,0	10,8	3,5	5,3
Utilisation, transport, storage	3,6	0,4	4,1	8,7
Wholesale trade	10,0	8,7	10,3	7,7
Retail trade, hotels & restaurants	47.1	37,7	55,0	40,6
Information and communication			0,4	1,5
Financial intermediation, real estate activities	1,6		1,0	2,1
Professional services	3,4	5,3	0,6	2,3
Administrative services	2,9	3,0	1,5	4,2
Government, health, education, social services	15,0	22,5	12,3	12,3
Personal/consumer service activities	0,4		0,4	0,7

*Read as 1,2% of all early-stage entrepreneurial activity in 2023 was in the agriculture, forestry, and fishing sector

Figure 4.4: *Distribution of TEA by gender across all sectors in South Africa (2023)*



*Read as 1.7% of TEA in the agriculture, forestry, and fishing sector is carried out by men in 2023

Figure 4.4 illustrates the Total Early Stage Entrepreneurial Activity (TEA) by gender in South Africa for 2023 across various sectors. In the government, health, education, and social services sector, women are significantly more active, with approximately 19,6% compared to men at 6,8%. The highest proportion of entrepreneurs for both men and women is in the retail, trade, hotels and restaurant sector, with 60,1% of women and 51,1% of men active in this sector. This also indicates a primary consumer sector focus for both men and women. In both the wholesale trade, as well as the mining and construction sector, more men tend to be active as entrepreneurs when compared to women. Around 13% of men and 6% of women are active in these sectors.

4.3 Entrepreneurial background (business size)

The entrepreneurial background in terms of business size was also investigated. In particular, participants were asked how many people currently work in the business, excluding the owners. This can also include all subcontractors who only work for this business and not for other businesses as well. **Table 4.2** illustrates the distribution of businesses by the number of employees and their entrepreneurial stage, measured from early-stage to established.

A significant majority (78,3%) of early-stage entrepreneurs operate businesses with 1-5 employees, while nearly half (49,3%) of established entrepreneurs also fall into this category. Overall, 64,4% of all businesses have 1-5 employees. In contrast, only 10,4% of early-stage entrepreneurs have businesses with 6-19 employees, compared to 21,9% of established entrepreneurs. This category (6-19 employees) represents 16% of all businesses. For businesses with 20 or more employees, a small portion (8,4%) of early-stage entrepreneurs are represented, whereas a significant 28,8% of established entrepreneurs manage larger businesses. Overall, 18% of all businesses have 20 or more employees. These statistics highlight that early-stage entrepreneurs predominantly run smaller businesses, while established entrepreneurs are more evenly distributed across different business sizes, with a notable presence in larger businesses.

Table 4.2: *Current size of business by jobs created across stages of business in South Africa (2023) TEA, EBO, and all businesses*

Number of employees	Early-stage entrepreneurs	Established entrepreneurs	All businesses
1-5 jobs	78,3*	49,3	64,4
6-19 jobs	10,4	21,9	16,0
20+ jobs	8,4	28,8	18,0

*Read as: 78.3% of South African early-stage entrepreneurs had between 1 and 5 additional employees in 2023

Table 4.3 focuses on the size of the business by gender in South Africa, measured between 2022 and 2023. The data shows a notable shift in the size distribution of businesses owned by both men and women from 2022 to 2023. For small businesses with 1-5 employees, both men and women saw a decrease, with men-owned businesses dropping from 89,5% to 61,8% and women-owned businesses from 91,7% to 68,3%. In the category of businesses with 6-19 employees, there was an increase for both genders, with men-owned businesses rising from 7,9% to 17,9% and women-owned businesses from 6,0% to 13,4%. The most significant change was observed in larger businesses (20+ employees), where men-owned businesses increased from 2,6% to 19,8% and women-owned businesses from 2,4% to 15,5%. These trends suggest a movement towards larger business sizes for both men and women entrepreneurs in South Africa, indicating an overall positive trend in business expansion and scaling up.

Table 4.3: *Size of business by gender in South Africa (2022 - 2023)*

All businesses	Men 2022	Men 2023	Women 2022	Women 2023
1-5 jobs	89,5%	61,8%*	91,7%	68,3%
6-19 jobs	7,9%	17,9%	6,0%	13,4%
20+ jobs	2,6%	19,8%	2,4%	15,5%

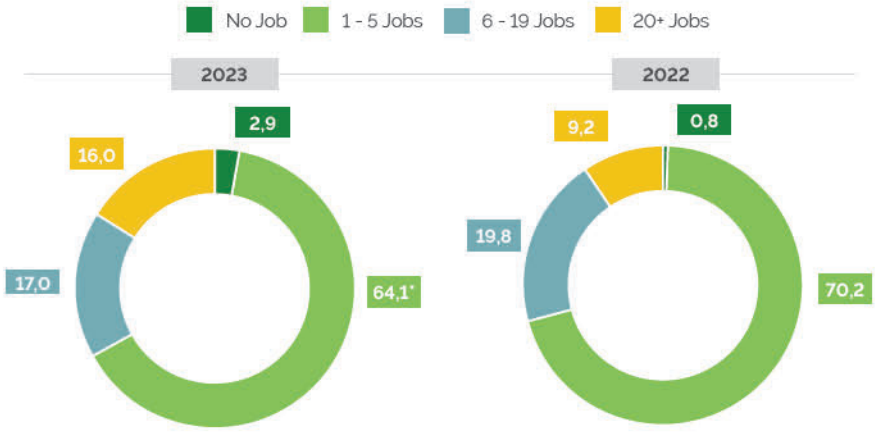
*Read as 61,8% of South African entrepreneurs that are men had between 1 and 5 additional employees in 2023

4.4 Job creation

Participants were asked about their expectations of job creation over the next five years. This specifically focused on how many employees, including exclusive subcontractors, will be working for the business, not counting the owners. This data was also compared to job growth expectations from 2022. **Figure 4.5** shows job growth expectations for early-stage entrepreneurs in South Africa for 2022 and 2023. In 2023, 2,9% of entrepreneurs expect not to create any jobs, up from 0,8% in 2022. This is worrying as more entrepreneurs expect to create no jobs at all, with the owners mainly working as the only employees in the business. The majority of participants expected to create 1-5 jobs. This, however, decreased from 70,2% in 2022 to 64,1% in 2023.

Similarly, those expecting to create 6-19 jobs dropped from 19,8% to 17,0%. However, there is a significant increase in entrepreneurs expecting to create 20 or more jobs, rising from 9,2% in 2022 to 16,0% in 2023. This indicates a polarisation in job growth expectations, with more entrepreneurs either not expecting to create jobs or expecting to create a substantial number of jobs.

Figure 4.5: *Job growth expectations for early-stage entrepreneurs in South Africa (2022-2023)*



*Read as 64,1% of South African entrepreneurs (in all phases) have future plans to employ an additional 1 to 5 employees in the next 5 years



Sweet and Sour Bundle

"Striving for Balance"

Entrepreneurial History — The Beginning

As a young South African who enjoys being unique and one who does not shy away from taking risks, I suppose I am not the typical entrepreneur. For this reason, when I was 20 years old, I decided to leave my secure job as a cashier and began working as a private tutor. Initially, this proved to be a refreshing change with good days and bad. The positive side of this type of business is that it doesn't require any upfront capital, as the operational expenses are minimal. Moreover, as the sole source of income for my household, I was the business and there was no fallback position if I were to get ill or be injured. Unfortunately, the negative aspect of this enterprise is that if you are not able to work, there is no income; this is extreme independence.

New Opportunities — The Long, Winding Journey

However, during this time, I had the opportunity to meet numerous interesting people who helped me translate my talents in a new direction. Thus, I became a community worker, which led me to become a Trevor Noah Education Changemaker Fellow. Then, in 2019, I seized the opportunity to take part in the RLabs Social entrepreneurship training workshops sponsored by Sanlam. During this time, I began extensive research on agricultural commodities, and by 2020, I started my business by purchasing debt in the agricultural sector. Next, the monetary proceeds were used as capital for another financial instrument, an ETF from Satrix. This, in turn, led to my purchasing warranties from an investment bank that sponsored my Grade 12 Maths and Science lessons.

Risks and Market Knowledge Pay Dividends

By 2022, my business aspirations were in full swing when I started 'Sweet and Sour', purchasing more agricultural debt, property shares, and warranties, as well as exchange-traded funds that helped track offshore markets. Moreover, since my assets had grown considerably, I began drafting a will, which is what any sound-minded entrepreneur should do so as to protect those assets for the family and loved ones. Obviously, this was an excellent business year, and 2023 was also quite profitable. During this time (2023),



I focused on France and started purchasing French bonds at a time when they were not that popular with investors. At the same time, South African bonds were gobbled up by my business while we paid close attention to the marijuana industry as well as the AI boom.

Strange Venture

Investments from 2020 began paying record dividends, and I used this windfall to reinvest in something rather out of the ordinary, Portable Showers. This was, at the time, being promoted by the Gordon Institute of Business Science, which aimed to provide showers for workers doing road work or people enjoying outdoor activities. This is what risk-takers do; we are not afraid of taking chances. That said, the venture proved to be a bad business strategy since we simply couldn't source someone to manufacture our first prototype locally. It was a sad day for South African entrepreneurs who believe in the "Proudly Made in South Africa" dream.

Afterwards (2024), I began raising revenue by reviewing books through a contract with the Goethe-Institut South Africa and was contracted to review three books by South African authors. My other venture matured as my recent essay was published by Khaloza Books, and naturally, I reinvested these proceeds in the property sector. In fact, as related to the literary market, I am able to market local talent and receive commissions.

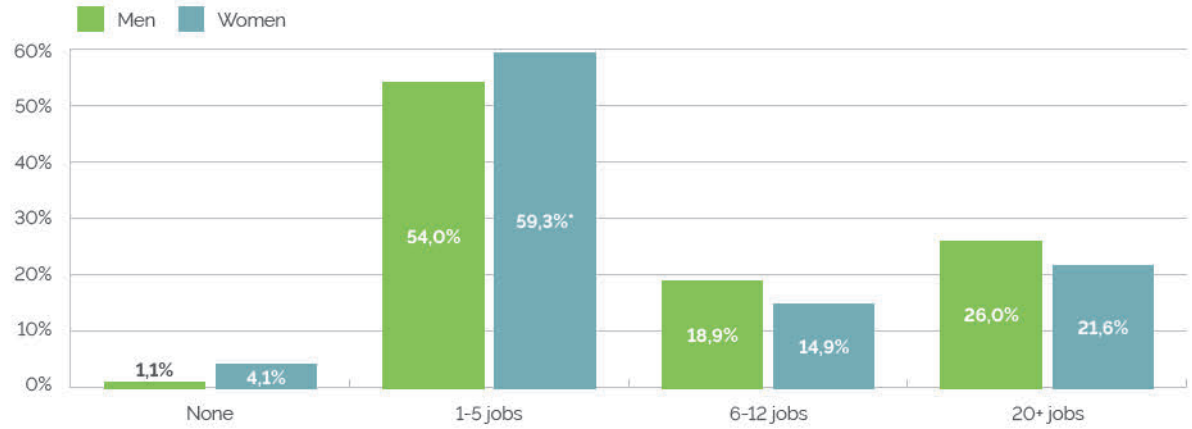
Funding and the Future

All my business ventures have been self-funded, which is my personal preference. When I reflect on the past four years of my professional career, I believe I have achieved much, not only in acquiring monetary compensation but also in forming meaningful relationships with many inspiring people. Currently, I am focused on investing in British companies so as to hedge the Rand and prepare for offshore business ventures. Lastly, I feel I have been successful in most of my efforts, as I was even able to flourish during the COVID pandemic because I took risks. For the next year, 2025, I am planning to create a basket of stocks for future investors while I am also serving as a board member of Isiphiwo Sam. This is important to me as I would like to make critical and creative thinking available to children who attend special schools in South Africa. Finally, from my experiences, I have learned that any aspiring entrepreneur cannot operate a business alone; instead, you must build a progressive team to expand your business model and succeed.

You can reach out to Puseletso at:
puseletsomotsemedi@outlook.com

Figure 4.6 shows job growth expectations, however, from a gender-specific perspective. The figure illustrates job growth expectations by gender in South Africa for 2023. A small percentage of both men (1,1%) and women (4,1%) do not expect to create any jobs. The majority of both genders expect to create 1-5 jobs, with 54,0% of men and 59,3% of women holding this expectation. It is, however, notable that women tend to be more optimistic in the creation of 1-5 jobs, as more women than men expect to create this number of jobs. Fewer expect to create 6-19 jobs, with 18,9% of men and 14,9% of women. A significant portion of both genders expect to create 20 or more jobs, with 26,0% of men and 21,6% of women. Overall, while the majority of entrepreneurs expect to create 1-5 jobs, there is also a notable percentage anticipating substantial job creation (20+ jobs), particularly among men.

Figure 4.6: *Growth expectations by gender (2023)*



*Read as: 59,3% of South African women entrepreneurs (in all phases) have future plans to employ an additional 1 to 5 employees in the next 5 years.

4.5 Innovation

This section deals with the findings on innovation. The question that was asked to the respondents was: *Are any of your products or services new to people in the area where you live, new to people in your country, or new to the world?* **Table 4.4** illustrates that in South Africa, a slightly higher percentage (25,4%) of businesses are conducting process innovation within their businesses than product innovation (23,7%), which they could then offer to the external market. Respondents reported that these innovations of both products and processes, were new to their local context, whereas a lower percentage (9,6% and 10,2%) was new to South Africa, and a drastic lower number of these innovations were new to an international audience (1,6% for products and 1,9% for process innovations). This is concerning as a very limited number of those innovations would then be able to compete internationally and reach beyond national borders. This low rate of innovation would have a negative impact on South Africa's trade export figures and, subsequently, on South Africa's economic growth. It is important to note that this lack of internationally competitive innovation is for established businesses. With regard to early-stage entrepreneurship, the trend of low innovation rates is similar. Generally, one would hope that these entrepreneurs would exploit opportunities and bring original ideas, which would contribute to national competitiveness.

Table 4.4: *Innovation in businesses in South Africa (2023)*

TEA and all businesses

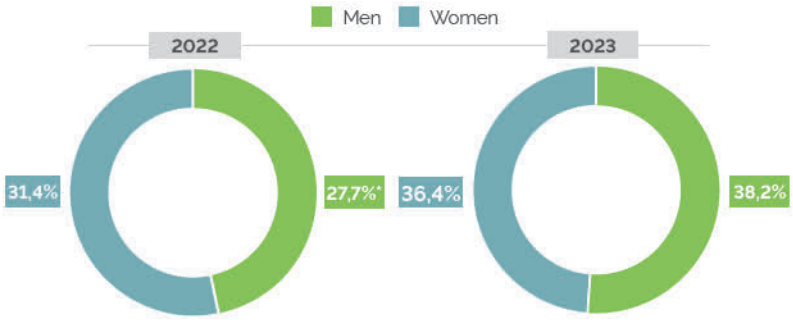
	Product innovation		Process Innovation	
Innovation	**All businesses**	**Early-stage entrepreneurs**	**All businesses**	**Early-stage entrepreneurs**
Local Innovation	23,7*	23,1	25,4	29,9
National Innovation	9,6	9,9	10,2	9,5
International Innovation	1,6	1,7	1,9	1,5

*Read as 23,7% of South African entrepreneurs (in all phases) say they have brought new innovation to their local markets

Figure 4.7 illustrates that the innovation in women-owned businesses was higher than in male-owned businesses in 2022 (31,4% for women and 27,7% for men). However, in 2023, the percentage of innovation women-owned businesses was lower (at 36,4%) than male-owned businesses (3,2%). While these differences are interesting, these results show that South African businesses, whether they were women- or male-led, experienced challenges to innovate since only around 27% to 38% of businesses were innovating in the period 2022 to 2023.

Figure 4.7: *Innovation in businesses in South Africa by gender (2022-2023)*

All businesses



*Read as 27,7% of South African male entrepreneurs (in all phases) say they have new innovations in their businesses

These low figures for innovation (as illustrated by **Table 4.4** and **Figure 4.7**) are concerning as entrepreneurs are not adequately exploiting opportunities. The limitations for innovation in both startup and established businesses needs to be explored further.

4.6 Internationalisation

This section covers South African businesses' internationalisation. Respondents were asked: *What percentage of your annual sales revenues usually come from customers living outside your country?* In terms of established businesses and early-stage entrepreneurs, the results indicated that their export intensity was disappointing. The respondents indicated that only 23,3% in 2022 and 22.1% in 2023 were exporting. Of those exporting, only 6,2% in 2022 and 2023, even lower at 4,2%, rated their export intensity as higher than 75%. Only 19,4% of respondents indicated their export intensity as higher than 25% in 2022, and only 14,9% of respondents indicated that in 2023 their export intensity was above 25%.

Table 4.5: *Internationalisation (All businesses and TEA)*

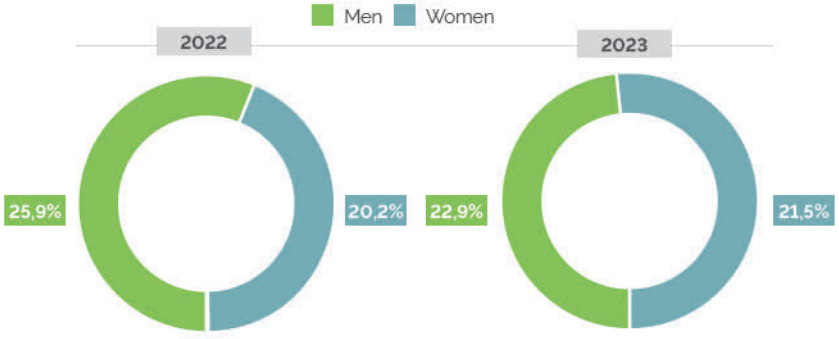
Export intensity	All businesses		Early-stage entrepreneurs	
	2022	2023	2022	2023
76%-100%	6,2	4,2	5,7	3,9
26%-75%	13,2	10,7	15,5	9,2
1%-25%	3,9	7,2*	2,9	5,7

*Read as 7,2% of entrepreneurs (in all phases) stated that 1% to 25% of their annual sales come from customers living outside South Africa

With regards to early-stage entrepreneurs, **Table 4.5** also illustrates that only 24,1% indicated in 2022 that they are exporting, and in 2023 this percentage decreased to 18,8%. Since developing the capacity to fulfil large orders and growing towards export readiness could take time to master, the low figures on the export intensity of early-stage entrepreneurs might have been expected. It is nonetheless important to note these low figures of internationalisation and to develop policy interventions to enable international trade and increase the ease of doing business outside of South Africa's borders.

Figure 4.8: Internationalisation of businesses by gender in South Africa (2023)

All businesses



*Read as 25.9% of male entrepreneurs (in all phases) had customers living outside South Africa in 2023

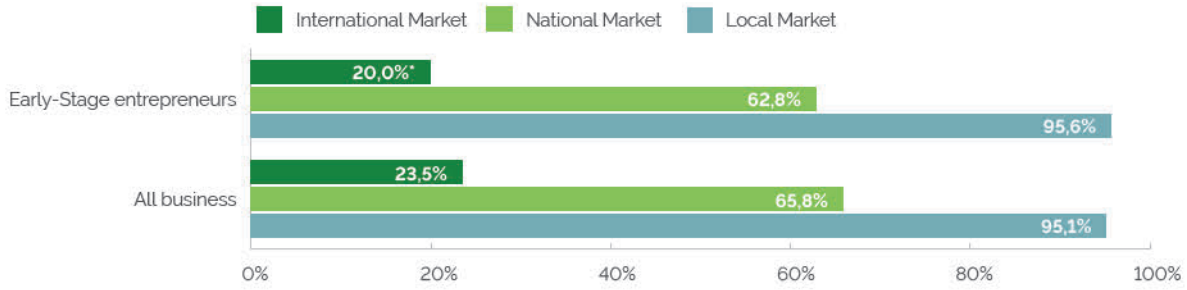
Figure 4.8 illustrates that the internationalisation of women-led businesses in South Africa increased by 2,7% between 2022 and 2023. That means that more women-led businesses found customers who live outside of South Africa. However, 2,7% shows only a slight increase in terms of internationalisation, and more effort has to be invested to increase the intensity of exports of women-led businesses.[49]

4.7 Market Scope

This section discusses the market scope of the entrepreneurs. The question participants had to answer was, "*Do you have any customers in the following locations?*" The respondents had to indicate whether they had customers in the area where they lived or elsewhere in their country or outside of their country.

The results (See **Figure 4.9**) indicate that early-stage entrepreneurs, as well as existing businesses' customers, were mostly concentrated in their local market. In line with the previous section, a small percentage (20% for early-stage entrepreneurs and 23,5% of existing businesses) were focused on the international market beyond South African borders. While more entrepreneurs were focused on the national market than the international market, most of their attention was focused on the immediate environment. More exposure and understanding of how to penetrate national and international markets will assist these entrepreneurs in geographically expanding their businesses. In terms of how government might support this expansion, regional trade fairs, road shows, and international trade visits could be helpful. Government could also invite foreign distributors to visit the local markets or support chambers of commerce in each region to encourage trade. In terms of the opportunity that e-commerce presents, government could initiate training to enhance the technical capabilities of local businesses to sell to the global market.

Figure 4.9: *Market scope for all entrepreneurs in South Africa (2023)*

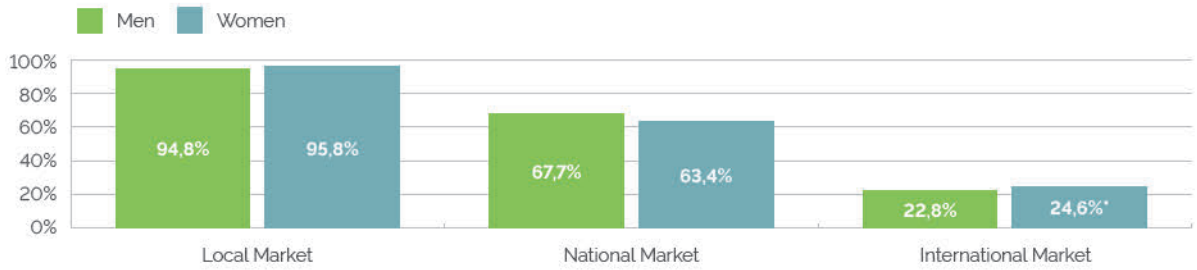


*Read as 20% of early-stage entrepreneurs (TEA) stated that they had customers outside the country in 2023

When comparing the market scope according to the participants' gender, the results in **Figure 4.10** show that women had a slightly higher local market scope (95,8% compared to men at 94,8%). In terms of the national market, more men than women entrepreneurs had customers across the country (67,7 % compared to women at 63,4%). Women entrepreneurs had a slightly higher international market scope at 24,6%, compared to men at 22,8%. It seems that the large majority of entrepreneurs were selling to their local market where they have easy access.

More investigation is required around the barriers that entrepreneurs experience in terms of marketing to customers outside of their immediate local market, as well as challenges around logistics and capital towards expansion to other provinces within South Africa. There seems to be an opportunity to encourage and advance cross-border trade to neighbouring countries and inter-continental trade arrangements.

Figure 4.10: *Market scope for all entrepreneurs by gender in South Africa (2023)*



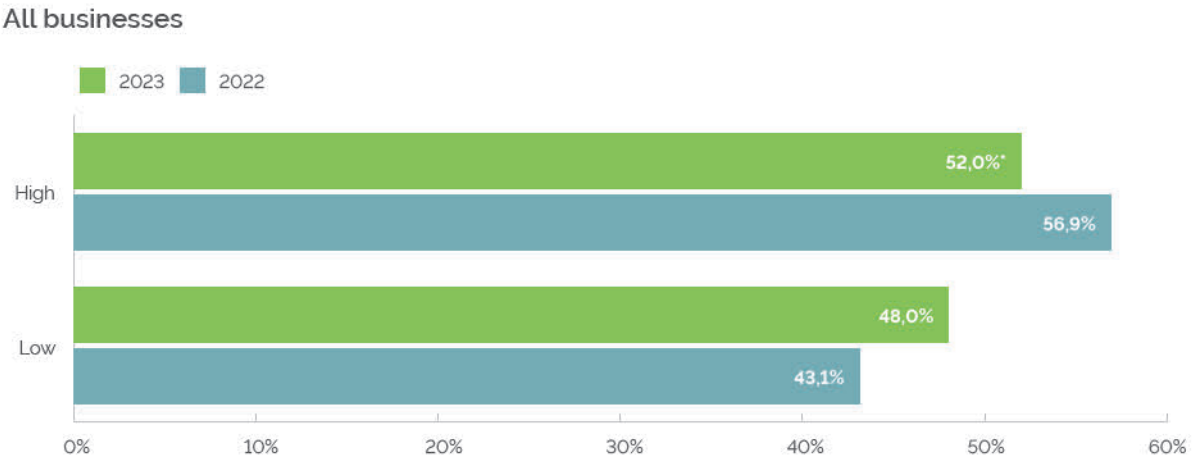
*Read as 24,6% of South African women entrepreneurs stated that their business also sold to international markets in 2023

[49] Matthee, M., Myers, K., Scheepers, C. B., & Mamabolo, A. (2023). Lived experience of women entrepreneurial exporters in a developing country context. In, *Making trade work for women: key learnings from the World Trade Congress on Gender* (Chapter 4). WTO. https://www.wto.org/english/res_e/booksp_e/making_trade_work_for_women_e.pdf

4.8 Response to the pandemic

This section pays attention to the response to the COVID-19 pandemic. The question that was asked of the participants, was whether the Coronavirus pandemic provided new opportunities that they wanted to pursue with their business. The results of this question are displayed in **Figure 4.11** and indicate that 52% of South African entrepreneurs in 2023 stated that they saw high business opportunities amid disruption by the pandemic, which decreased in comparison to the 2022 figure, which was 56,9%. It seems that in 2022, more entrepreneurs were optimistic about the opportunities created by the pandemic. In contrast, these expectations might not have been met by 2023 and, therefore, were lower a year later. The figure shows that 48% of entrepreneurs had low expectations of the impact of the pandemic in terms of business opportunities.

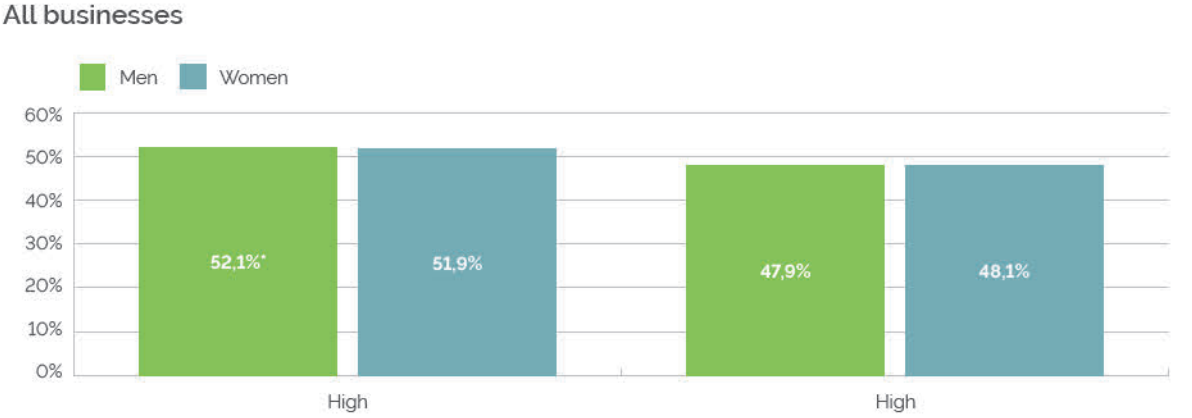
Figure 4.11: *Opportunity expectation amid disruption in South Africa (2022-2023)*



*Read as 52,0% of South African entrepreneurs stated that they saw high business opportunities amid disruption in the pandemic

In **Figure 4.12**, the gender comparison shows that women entrepreneurs were slightly less optimistic (51.9% high) than their male counterparts (52.1% high). Government policies seem to be required to empower women entrepreneurs to enhance the expectation of opportunities in general and specifically in terms of opportunities with regard to the pandemic.

Figure 4.12: *Opportunity expectation amid disruption for all entrepreneurs by gender in South Africa (2023)*



*Read as 52,1% of South African entrepreneurs stated that they saw high business opportunities amid disruption in the pandemic

4.9 Implications and recommendations for future policy direction

Based on the results and analysis presented, there are several gaps in the entrepreneurial landscape in South Africa. Hence, a multifaceted approach is essential to foster a more sustainable and equitable environment. Following are policy implications and recommendations based on the gaps identified:

1. **Support family business longevity:** South African entrepreneurs are less inclined to start a business to continue the family tradition. Family businesses play a vital role in local economies by creating long-lasting employment and building sustainable communities. Promoting long-term orientation within these enterprises is crucial, ensuring their longevity and positive impact on communities. Universities, local and regional governments and the Chamber of Commerce can offer training on business models, succession planning, and innovation to help family businesses thrive across generations.

2. **Shift to opportunity-driven entrepreneurship:** As job scarcity is a severe concern in South Africa, many are pushed into necessity-driven entrepreneurship. Enhancing entrepreneurship education to shift the focus toward opportunity-driven ventures is essential. Educators, mentors and other players in the entrepreneurship ecosystem should emphasise the importance of trend analysis, innovation, and adaptability, equipping entrepreneurs to anticipate changes and lead in their industries. Universities and the government can implement more start-up programs to equip aspiring entrepreneurs through a systematic way of learning.

3. **Empower women through SDG and social entrepreneurship:** The report shows that women have shown a strong inclination toward making a difference in the world, which can be harnessed by imparting knowledge about the Sustainable Development Goals (SDGs) and social entrepreneurship. Universities and the government can offer upskilling and short courses to help women start and grow enterprises that address pressing social needs, creating positive societal impact while fostering economic growth.

4. **Address gender disparities in high-potential industries:** Men are found to venture into extractive and transforming enterprises, which generate more jobs and revenue potential. At the same time, women concentrate on less capital-intensive services. Women entrepreneurs need to venture beyond traditional sectors. The Department of Education and universities must put in extra effort to encourage STEM education among women. A carefully crafted national education strategy can encourage more women to enter high-value, high-growth sectors, thus reducing the gender gap in entrepreneurship. It is vital to showcase role models who advocate for gender equality in these fields. Role models can provide mentorship and demonstrate the possibilities for success, helping to break down barriers and encourage more women to enter and thrive in these sectors. The government can work with industries to offer awards that recognise the work of these role models.

5. **Support women in the services sector with growth initiatives:** As observed, many women entrepreneurs are concentrated in the services sector, which often has limited growth and employment potential. Local, regional and national governments and universities can develop programs that help microenterprises upscale their management skills and instil aspirations for growth that can empower women to expand their businesses. When their confidence and capabilities grow, this will encourage their willingness to take calculated risks that would support business expansion and more significant economic impact.

6. **Strengthen resilience through soft skills training:** More entrepreneurs are venturing into services and trade industries which are highly customer-driven. Entrepreneurial burnout and wellbeing are significant risks, particularly for women managing small businesses. Apart from business skills, the South African government can support NGOs and universities by offering training in soft skills such as mindfulness and well-being, which can support mental health, resilience, and long-term success in business. The private sector should also support and invest in this.

7. **Encourage internationalisation strategy:** The results show that women have a slightly higher international market and local market scope. There is an untapped potential for women to venture into the international market. The South African government and the existing Chambers of Commerce can connect women entrepreneurs to international agents and offer programs to support them in using the digital space to offer products globally. There could be more initiatives to organise regional trade fairs, road shows, and international trade visits, invite foreign distributors to visit local markets encourage trade or enhance technical capabilities to sell to the global market.



Zabellas

"From family dreams ... to a thriving business!"

The beginning

My name is Isabel van Zyl, and my daughters and I started this business enterprise in, of all times, the COVID year 2020. As a women, family-owned business, our primary function is manufacturing and in both wholesale and retail trade. As I recall, one of our most memorable experiences was when we were contracted to make leather bags for the entire Protea Netball team to be used in their travels. Our original function was to manufacture swimming costumes, but then, one of our craftsmen informed us that he had training in leather works. Needless to say, with a houseful of girls, we were always seeking trendy and functional leather bags. This inspired us to start our business of creating high-quality leather bags. Thus, our company focuses on making these leather bags, specialising in custom or tailored designs that meet our customers' needs and expectations. Moreover, we combine timeless craftsmanship with a very personal touch that ensures each bag is unique and aligns with our client's needs and desires.

Financing

Initially, my husband, who is skilled at developing businesses, provided funding for our manufacturing business. Due to his exceptional business acumen, he was instrumental in allowing us to succeed in our commercial endeavours. Thus, we truly have a family-oriented business that has led to our current and future success. Moreover, thanks to some rather large orders, we began to acquire a suitable cash flow, which also helped us expand our business.

Business value

We create value based on the quality and style of our leather bags, which are custom made predicated on our clients' instructions. This represents the true value of our product and our company. Accordingly, we pride ourselves on our ability to craft and design leather goods that recapture the pure essence and expertise of hands-on craftsmanship and skill that was highly valued throughout past generations.

Most of our profit is generated through direct sales via online and in-store purchases. These profits are generally reinvested in our business, which allows us to carry more stock, expand our product line, and purchase new machinery. By adding additional stock and keeping up with new fashion trends, we are able



to realise the need for extra machinery to consistently meet our competition. Thus, our business is associated with gradual expansion through reinvesting our profits to meet the future with a solid foundation for success.

Business strategy

A large part of our strategy is to participate in our local markets and advertise our products to the local community. We also have a website that helps us showcase our product line, which is also aligned with our use of various social media platforms. These activities help us grow our business and remain a viable competitor within our sector.

Another important part of our business strategy is based on our hiring practices, as we focus on hiring craftsmen who share our vision of the future and wish to help build creative collaborations within the company. This collaborative environment allows us to grow as a business as well as on a personal level. Also, since supply chain interruptions are a genuine challenge for us, we manage to overcome this by diversifying our suppliers.

Networking

My networks have been built by actively participating in industry events, as well as seeking out mentors who are aligned with our company objectives. Moreover, I make time to cultivate strong relationships with others by offering and promoting high-quality, valuable products and services that meet and exceed our clients' expectations. These activities are inclusive, as we also update our website and consistently utilise online social media platforms.

Future and advice

Our primary aim for the future is to establish our leather products as a leading brand that symbolises quality and expert craftsmanship that caters to custom designs that meet the needs of our clients. We can make this a reality by focusing on maintaining our high standards and service to expand into other markets. My advice to others is to embrace failures as a learning opportunity and remain resilient. Remember,

"Everything is possible for those who believe, and if you trust God to write your story, He will make it a bestseller!"

You can reach out to Zabellas at:

- isabel@zabellas.co.za
- zabellas.co.za
- Zabellas
- _zabellas

Table 4.6: *Global trends of entrepreneurial motives and outcomes*

Canada	TEA: To make a difference	TEA: To build wealth	TEA: To continue family tradition	TEA: Because jobs are scarce	TEA: Extractive Sector	
France	62,28	69,05	41,61	67,16	1,87	
Germany	19,88	43,67	17,47	43,21	2,56	
Italy	50,43	56,27	31,38	46,68	3,85	
Luxembourg	35,28	56,11	31,53	58,21	7,31	
Netherlands	50,61	46,55	32,66	47,18	4,06	
Norway	47,68	45,35	25,85	38,19	2,6	
Qatar	37,4	34,28	19,38	25,33	9,05	
South Korea	48,59	77,44	38,39	62,65	0,9	
Saudi Arabia	3,85	82,57	5,39	28,29	1,95	
Slovenia	70,55	90,93	72,24	90,85	0,49	
Sweden	56,1	53,59	28,97	49,08	5,77	
Switzerland	43,07	53,67	26,39	29,13	6,85	
United Kingdom	53,63	39,17	8,75	40,55	4,39	
United States	58,77	66,56	20,54	61,35	0,58	
Chile	63,72	66,69	34,99	62,47	3,76	
China	57,59	60,07	27,95	73,56	3,35	
Croatia	18,21	42,03	28,46	68,97	3,39	
Cyprus	35,52	54,31	24,74	59,09	7,97	
Estonia	39,66	85,42	27,1	65,46	5,75	
Greece	33,38	39,86	17,35	54,56	6,22	
Hungary	26,07	55,63	34,57	72,28	6,12	
Israel	45,84	80,12	30,3	89,83	5,4	
Latvia	38,31	74,97	23,06	47,97	0	
Lithuania	43,47	43,47	29,63	64,02	4,45	
Oman	42,44	52	22,42	83,68	3,65	
Panama	42,25	64,27	38,28	63,78	1,42	
Poland	67,95	55,37	51,19	78,41	6,26	
Puerto Rico	20,49	39,62	9,66	62,8	3,38	
Romania	69,27	47,3	31,05	64,48	0,88	
Slovakia	66,58	77,8	35,74	87,5	8,61	
Spain	37,08	37,63	24,27	70,42	6,09	
Uruguay	37,55	37,24	21,73	57,07	2,68	
Brazil	39,67	51,13	32,66	69,2	9,55	
Colombia	76,53	66,58	36,26	74,11	3,71	
Ecuador	48,49	53,53	35,44	80,39	1,66	
Guatemala	42,67	40,2	40,99	90,84	7,53	
India	80,64	84,74	52,36	89,42	3,9	
Iran	83,83	80,95	75,16	87,82	4,78	
Jordan	37,27	94,69	18,5	66,94	3,93	
Mexico	20,66	60,64	26,39	95,12	3,37	
Morocco	62,82	55,57	55,05	81,68	0,24	
South Africa	**18,23**	**50,16**	**25,37**	**80,87**	**7,09**	
Thailand	61,37	64,92	47,18	69,38	1,16	
Venezuela	50,27	78,7	66,89	82,01	5,78	
	68,36	53,67	52,46	90,99	4,99	

	TEA: Transformation Sector	TEA: Business Services	TEA: Comnsumer Orientation	TEA exports: More than 50% revenue outside country	TEA: Local Market	TEA: National Market	TEA: International Market
	15,63	29,64	52,87	2,35	88,13	53,96	35,47
	17,41	32,58	47,44	0,96	85,79	58,66	34,3
	9,18	31,65	55,32	0,93	84,73	63,95	43,39
	13,44	28,06	51,19	0,29	85,13	55,62	32,63
	13,12	28,91	53,9	2,21	78,59	81,8	60,15
	20,53	23,65	53,22	0,99	89,27	73,41	37,75
	17,02	33,93	40	0,55	80,98	64,85	26,06
	20,75	18,96	59,39	0,85	81,22	73,05	27,63
	24,74	15,93	57,38	0,15	95,14	94,63	12,22
	9,13	4,41	85,96	0,55	98,92	51,74	6,92
	19,1	31,22	43,91	1,09	81,7	81,37	55,89
	11,18	30,75	51,22	1,18	79,88	72,15	33,13
	11,58	42,57	41,45	1,39	88,69	66,9	38,3
	12,81	28,1	58,51	1,36	85,15	79,07	37,63
	16,99	20,42	58,83	1,35	89,7	69,28	30,56
	20,81	15,81	60,03	0,66	97,24	26,73	5,11
	14,09	8,78	73,74	0,14	93,48	38,73	8,74
	22,17	33,47	36,39	1,89	90,23	67,1	44,67
	15,3	25,09	53,86	1,63	82,92	78,87	42,71
	26,66	22,9	44,22	2,27	83,54	84,59	56,25
	19	22,53	52,36	1,13	86,18	55,6	42,23
	28,39	25,42	40,78	0,56	86,77	73,58	30,98
	7,57	36,25	56,18	0,55	90,48	81,75	27,01
	25,16	21,79	48,6	2,16	88,38	84,52	50,07
	22,04	30,03	44,28	0,22	95,07	59,52	15,07
	28,56	7,71	62,31	0,34	89,97	58,47	16,6
	17,11	11,25	65,38	0,91	81,94	71,75	14,37
	21,26	21,74	53,62	0,02	96,13	44,18	6,31
	18,71	20,95	59,47	0,99	82,23	87,31	34,24
	26,49	13,6	51,31	0,13	96,2	45,88	12,25
	24,52	31,38	38	0,57	85,81	71,54	36,28
	14,82	34,48	48,02	0,76	92,62	59,87	35,44
	24,56	8,91	56,97	0,62	81,79	54,45	12,36
	21,07	17,27	57,95	0,05	93,73	51,85	4,19
	15,35	3,95	79,04	0,24	92,77	53,95	8,88
	13,74	3,71	75,02	0,21	94,2	31,15	4,4
	13,15	4,14	78,81	0,27	94,79	43,7	2,98
	18,04	2,29	74,89	0,15	89,51	16,88	2,58
	24,3	22,47	49,3	0,04	95,45	73,89	12,21
	20,43	7,21	68,99	0,57	87,81	68,7	14,69
	41,19	7,58	50,99	0,32	89,83	43,74	13,6
	18,43	**4,39**	**70,09**	**0,07**	**85,69**	**32,05**	**4,79**
	21,37	3,57	73,9	0,96	95,55	62,82	19,97
	19,66	4,29	70,26	0,9	89,52	92,23	23,75
	21,99	4,13	68,89	0,3	88,21	48,2	9,3

SECTION

05

SUSTAINABILITY AND ADOPTION OF TECHNOLOGY

SECTION 5

Leonie Greyling and Natanya Meyer

SUSTAINABILITY AND ADOPTION OF TECHNOLOGY

In an era characterised by rapid technological advancements and mounting environmental challenges, the notion of sustainability has evolved from a peripheral concern to a fundamental business imperative. Sustainability, incorporating economic, environmental, and social facets, is no longer just an ethical decision but a strategic requirement for enterprises striving for long-term success. The significance of sustainability stems from its capacity to stimulate innovation, decrease operational expenditure, and enhance brand credibility, all of which contribute to the resilience and competitiveness of enterprises in an increasingly conscious global market[50]. Technological advancements have played a crucial role in enabling and expediting sustainable practices across various sectors. The utilisation of renewable energy solutions, efficient resource management systems, and digital platforms that support sustainable supply chains is reshaping the operational landscape of businesses[51]. Entrepreneurs, particularly those in developing economies, can leverage technology to overcome traditional obstacles, explore new markets, and implement innovative solutions that are in line with sustainable development objectives[52].

Innovation and entrepreneurship have been transformed in many ways by the emergence of novel and powerful digital technology, digital platforms and digital infrastructures[3], with digital technology driving novel forms of innovation and entrepreneurial endeavours that transcend conventional industry and sector boundaries. These initiatives encompass networks, ecosystems, and communities, amalgamating digital and non-digital resources. Furthermore, they expedite the establishment, expansion, and development of new business undertakings [53],[54].

Despite the benefits of digital technology, the fusion of sustainability with technological uptake brings about notable obstacles. These include the requirement for substantial financial commitment, the intricacy of shifting from traditional to digital methods, and the necessity to acquire new skills to manage emerging technologies[55].

[50] Adams, R., Jeanrenaud, S., Bessant, J., Denyer, D. & Overy, P. (2016). Sustainability-oriented innovation: A systematic review. *International Journal of Management Reviews*, 18(2):180-205.

[51] Boons, F. & Lüdeke-Freund, F. (2013). Business models for sustainable innovation: State-of-the-art and steps towards a research agenda. *Journal of Cleaner Production*, 45:9-19.

[52] Nambisana, S., Wright, M. & Feldman, M. (2019). The digital transformation of innovation and entrepreneurship: Progress, challenges and key themes. *Research Policy*, 48(8, 103773).

[53] Huang, J., Henfridsson, O., Liu, M.J. & Newell, S. (2017). Growing on steroids: Rapidly scaling the user base of digital ventures through digital innovation. 41(1):301-314.

[54] Srinivasan, A. & Venkatraman, N. (2017). Entrepreneurship in digital platforms: A network-centric view. *Strategic Entrepreneurship Journal*, 12(1):54-71.

[55] Sachs, J.D., Woo, W.T., Yoshino, N. & Taghizadeh-Hesary, F. (2019). *Importance of green finance for achieving sustainable development goals and energy security*. Singapore: Springer. (Handbook of Green Finance: Sustainable Development).

Importantly, policy making entities and other stakeholders could potentially be informed at the broad regional/ national and societal levels by the implications of the digitisation of innovation and entrepreneurship[56].

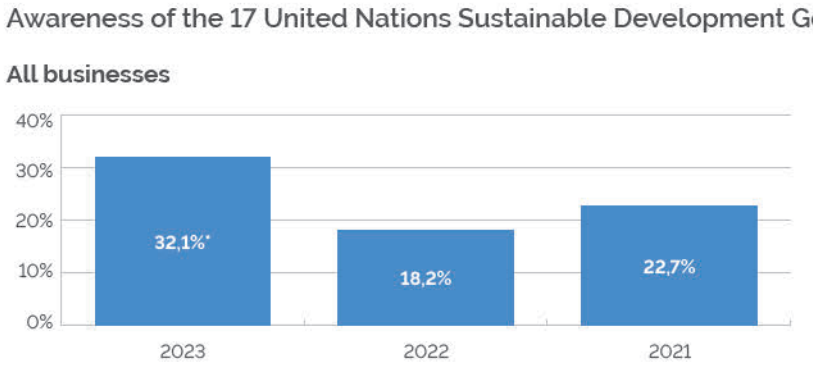
Through the examination of the data gathered, this section reports the results of the GEM adult population survey of entrepreneurs on key sustainability indicators, as well as technology adoption.

5.1 Awareness of sustainability equality (UN Sustainable Development Goals)

Awareness of sustainability challenges is measured by asking whether the business has a strategy for environmental sustainability by considering environmental implications when making key business decisions.

The United Nations Sustainable Development Goals (SDGs): 2030 agenda, published in 2015, represents a global call to action to end poverty, protect the planet, and ensure prosperity for all. As these goals become increasingly central to business practices worldwide, the level of awareness among entrepreneurs about the SDGs is a critical factor in driving sustainable development. This section explores the extent to which South African entrepreneurs are aware of the 17 SDGs and the implications of this awareness for their commitment to sustainability equality. By understanding the current landscape of SDG awareness, we can better assess the readiness of the entrepreneurial sector to contribute to these global objectives and identify areas where further education and engagement may be needed.

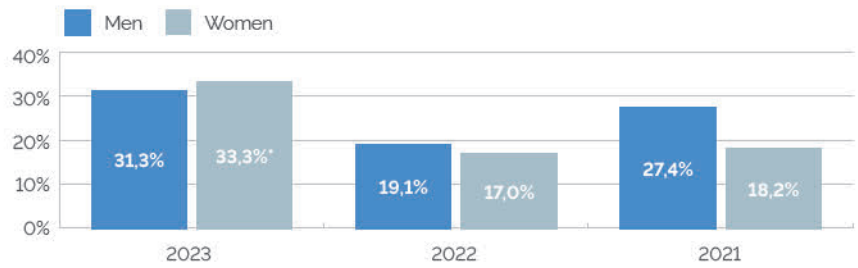
Figure 5.1: *Awareness of sustainability in South Africa (2021 - 2023)*



*Read as 32,1% of entrepreneurs stated that they are aware of the 17 UN SDGs

Figure 5.1 depicts South African entrepreneurs' response to being asked whether they were aware of the 17 SDGs over the 2021 to 2023 period. Although awareness of the SDGs fluctuates over the three years, there is a noticeable increase in awareness from 2022 (18,2%) to 2023 (32,1%), after a decline from 2021 (22,7%) to 2022. The decrease in awareness from 2021 to 2022 could be attributed to a loss of focus on the SDGs, possibly due to economic challenges or a shift in business priorities, such as the lingering effects of the COVID-19 pandemic, which compelled businesses to focus on immediate survival rather than long-term sustainability goals. Conversely, the sharp increase from 2022 to 2023 could be due to renewed efforts by policymakers, business associations and media to promote the SDGs, especially as the 2030 deadline approaches. In addition, growing pressure from consumers and investors for the adoption of sustainable business practices may have contributed to the increased awareness of the SDGs.

Figure 5.2: *Awareness of sustainability by gender in South Africa (2021 - 2023)*



*Read as 33,3% of women entrepreneurs stated that they are aware of the 17 UN SDGs

[56] Nambisana, S., Wright, M. & Feldman, M. (2019). The digital transformation of innovation and entrepreneurship: Progress, challenges and key themes. *Research Policy*, 48(8, 103773).

Figure 5.2, which depicts sustainability awareness by gender, indicates that while men (27,4%) had a greater awareness in 2021 than women (18,2%), women's awareness not only closed the gap but slightly surpassed that of men in 2023 (33,3% for women vs 31,3% for men). This shift could be attributed to an increased focus on women's entrepreneurship programs with greater inclusion in sustainability conversations or possibly specific outreach efforts aimed at female entrepreneurs.

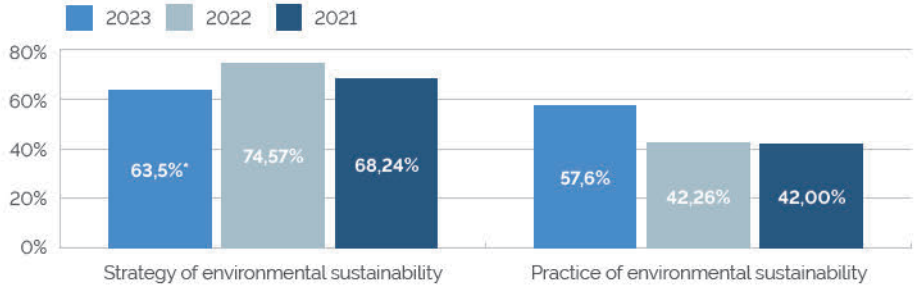
5.2 Engagement with socio-environmental sustainability and economic sustainable goals and practices

Socio-environmental sustainability represents the intricate interplay between social well-being and environmental stewardship. As businesses and communities strive to balance economic growth with ecological responsibility, the focus on socio-environmental sustainability becomes increasingly critical. This section explores how entrepreneurs are integrating social and environmental considerations into their business models, ensuring that their operations not only minimise negative impacts on the environment but also contribute positively to society.

Environmental sustainability strategy is measured by asking entrepreneurs, "When making decisions about the future of your business, you always consider environmental implications such as preservation of green areas, reduction of the emission of pollutants and toxic gases, selective garbage collection, conscious consumption of water, electricity, and fuels".

Figure 5.3: *Environmental sustainability in South Africa (2021 - 2023)*

All businesses



*Read as 63,5% of entrepreneurs stated that they had some kind of strategy to implement environment sustainability in 2023

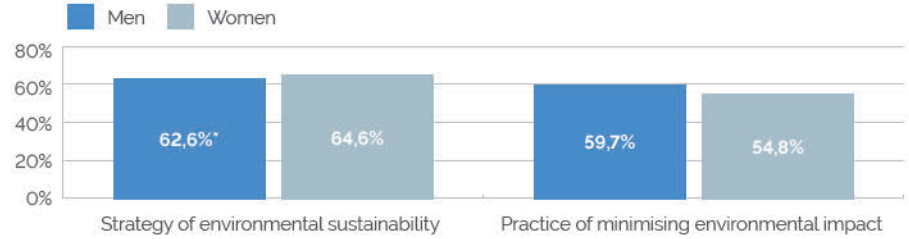
Figure 5.3 depicts South African entrepreneurs' engagement with environmental sustainability among two dimensions: the strategy of environmental sustainability and the practice of environmental sustainability.

In 2021, 68,24% of entrepreneurs reported having some form of environmental strategy, with the increase to 74,57% in 2022 reflecting a growing recognition of the importance of integrating environmental sustainability into business strategies. However, the notable decline to 63.5% in 2023 could be indicative of entrepreneurs having to navigate challenges in maintaining strategic focus, possibly due to economic pressures, shifts in market conditions, or changing business priorities.

Evidently, there is a strategy vs. practice discrepancy, with a noticeable gap in the percentage of entrepreneurs who had an environmental sustainability strategy vs. the percentage who implemented environmental sustainability practices. However, the increase in the practice of environmental sustainability from 42,0% in 2021 to 42,26% in 2022 and 57,6% in 2023 indicates a marked improvement in the implementation of sustainability practices, with more entrepreneurs progressing from planning to action.

Figure 5.4: *Environmental sustainability by gender in South Africa (2023)*

All businesses

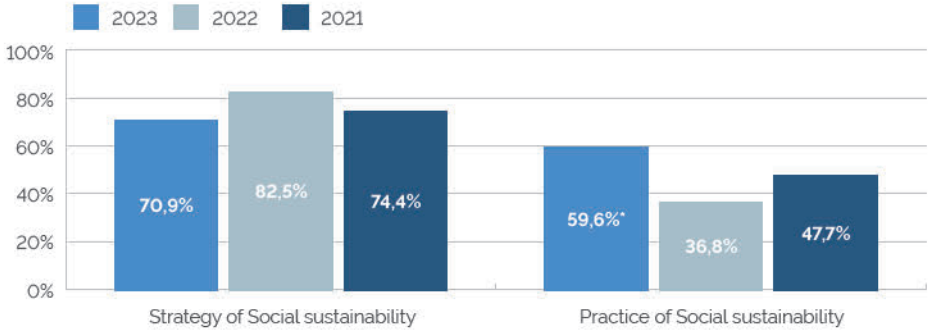


*Read as 62,6% of male entrepreneurs stated that they had some kind of strategy to implement environment sustainability in 2023

Figure 5.4, which compares the adoption of environmental sustainability strategies and the practice of minimising environmental impact by gender, indicates that women (64,6%) slightly outperform men (62,6%) in developing environmental sustainability strategies. Conversely, men (59,7%) are more focused on executing environmental impact strategies than women (54,8%). This could be attributable to potential differences in resource allocation, access to practical tools, or varying priorities between strategic planning and immediate action.

Figure 5.5: *Social sustainability in South Africa (2021 - 2023)*

All businesses

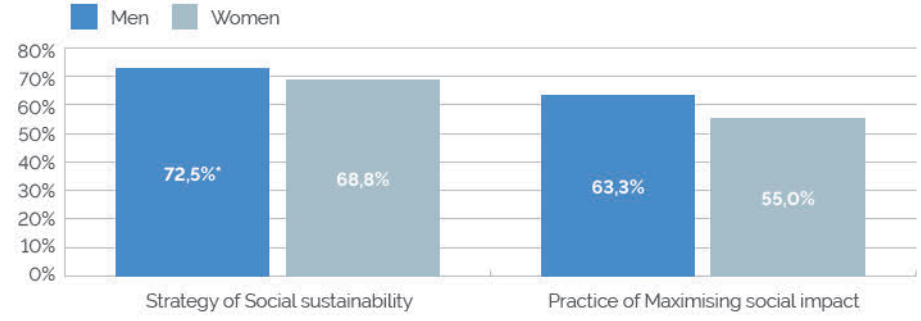


*Read as: 59,6% of entrepreneurs stated that they practised social sustainability in 2023

Social sustainability strategy is measured by asking, "When making decisions about the future of your business, you always consider social implications such as access to education, health, safety, inclusive work, housing, transportation, and quality of life at work".

Figure 5.5 compares the adoption of social sustainability strategies with the practice of social sustainability among South African entrepreneurs. The peak in strategic focus on social sustainability in 2022 (82,5% versus 74,4% in 2021) followed by a notable drop in 2023 (down to 70,9%) could be attributable to factors such as changing economic conditions, shifts in policy focus, or evolving business priorities. Despite recognition of the importance of social sustainability at a strategic level, entrepreneurs evidently faced challenges in implementing their strategies, as reflected by the visible gap between the development of social sustainability strategies versus the practical implementation thereof. This could be due to resource constraints or the impetus to focus on business survival tactics during economic uncertainty. Nonetheless, the recovery in the practice of social sustainability in 2023 (59,6%) from the sharp decline in 2022 (36,8%) suggests that entrepreneurs are increasingly aligning their operations with their strategic goals, which may indicate that they either overcame some of the challenges faced in the previous year or that external consumer pressures or regulatory incentives served as an impetus to act on their social sustainability strategies.

Figure 5.6: *Social sustainability by Gender in South Africa (2023)*



*Read as 72,5% of male entrepreneurs stated that they have some strategy in place to implement social sustainability in 2023

Figure 5.6 compares the adoption of social sustainability strategies and the practice of maximising social impact among South African entrepreneurs, differentiated by gender. Men (72,5%) are slightly more likely than women (68,8%) to have a strategy for social sustainability while also leading in the practical application of maximising social impact (63,3% men vs 55,0% women). However, for both men and women, there is a noticeable drop in the percentage of entrepreneurs who have a social sustainability strategy to those who practice maximising social impact, with the gap between strategy and practice being more pronounced for women than for men. This suggests that women entrepreneurs might experience more significant challenges, such as access to resources, confidence in implementing social sustainability measures or lower levels of external support, in translating strategy into practice.



Matomani

"Traditional Cuisine Meets Innovation in Sustainable Superfoods"

My Personal Background — Wendy Vesela-Ntimbani

As a chemical engineer from the University of Johannesburg with an MBA from Chapman University in the United States, I have over 20 years of experience managing various projects involving supply chain and people management. I also worked for South African Breweries, handling production and processing, where I garnered substantial experience in food safety and processing. Later, I moved to Europe and worked for the conglomerate Johnson & Johnson in Switzerland, where I was in charge of the supply chain for the EMEA region. However, my passion has always been to pursue my dream as an entrepreneur. I would also like to acknowledge that my parents and family have always supported me in all my endeavours and, for that, I am extremely appreciative.

How It All Started

As a black-owned women entrepreneur, I entered the agricultural retail market almost two years ago (November 2022) when I introduced our local indigenous protein-rich mopani worms to what has become an ever-expanding market sector. I named my company 'Matomani', which was the beginning of my small start-up. Since I live in a rural village where the mopani worms are considered a valuable natural resource, I decided it was highly marketable. Thus, I began to export this natural food product from Limpopo to the rest of South Africa and even globally since this is a very healthy food source, which provides a rich source of protein that is natural/organic. I think it has been well-established that in our current high-tech environment, people are truly seeking more natural and healthy food alternatives which are not highly processed, unlike most of our current foods. Therefore, to fill this need, I began harvesting and processing mopani worms to produce various protein-rich, sustainable foods for retail consumption.

Business Highlights

I was determined to offer my mopani products to a wider clientele and, thus, made them available for online purchases that could be delivered within 24 hours. Another highlight of our business venture was when I was able to move our operation from our family garage to a larger factory space. With this commercial expansion, I began offering these food products in retail stores and started exporting to Australia and the United States, which proved to be a substantial boon to our business. We have also had strong community support, which has helped us maintain a positive attitude and provided consistent encouragement to me and my staff. That said, I suppose our most significant accomplishment was to change people's perception of mopani worms as a gross and disgusting food resource. We achieved this by producing various products that are protein-rich, sustainable, and nutritious food sources that are exceptionally healthy and delicious. Overall, our company has sustained enormous growth in the agricultural retail market in a relatively short span of time.

Business Value

Our business is built on supplying healthy food products to an ever-expanding market via networking through various social media platforms and a company website. Moreover, we always strive to maintain quality standards and ensure that local communities are well-compensated for their product. Another aspect that adds value to our enterprise is that we provide quality training to our suppliers and implement strict quality control standards that meet or exceed the legal requirements for all our business operations. Our profits are generated via marketing our products directly to consumers (B2C) and retailers (B2B). That said, our primary business is built upon e-commerce, which has allowed us to expand our market share exponentially. We also re-invest a portion of our profits towards growing our business operations.

Networking

Networking has been a major strategy in building our business, which is accomplished through various related events, workshops, and gatherings that have helped us build, sustain, and expand diverse personal and business relationships.

Funding, Challenges and Advice

This business venture was funded by my provident fund; however, I do not recommend others follow my example as I feel that it is too risky. During our second year, we were successful in being approved for funding through one of the government agencies. Accordingly, I would have to say that funding is a major challenge for any business, but it is possible if you comply with all the established regulations. Lastly, make sure that you have a passion for the type of business you wish to start, as this is a crucial prerequisite for success. Finally, my parents always encourage me, by telling me that **"It's possible, keep moving forward towards your dreams."** As such, I would like to encourage you to do the same.

You can reach out to Wendy at:

wendy@matomani.co.za

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Matomani

Matomani

Matomani_za

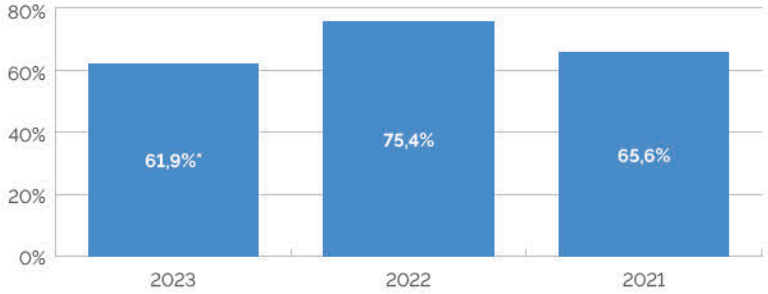
5.3 Economic sustainability goals and practices

Economic sustainability is a cornerstone of long-term business viability, social equity and environmental stewardship. In the South African context, economic sustainability involves balancing growth with equitable resource distribution, fostering innovation, and creating opportunities that contribute to the broader socio-economic development of the nation. This section explores South African entrepreneurs' economic sustainability goals.

Economic sustainability goals are measured by asking whether the entrepreneur prioritises the business's social and/or environmental impact above profitability or growth.

Figure 5.7: *Economic sustainability goals in South Africa (2021-2023)*

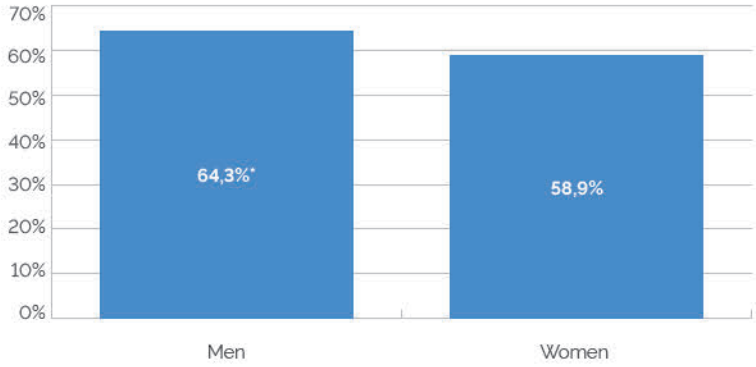
All businesses



*Read as in 2023, 61,9% of entrepreneurs stated that they prioritise the social and/or environmental impact of their businesses above profitability or growth

Figure 5.7 depicts the percentage of entrepreneurs who prioritise the social and/or environmental impact of their businesses above profitability or growth. The 65,6% of entrepreneurs who prioritised the social and/or environmental impact of their businesses over profitability or growth for the 2021 year reflect a strong commitment to balancing business success with broader societal and environmental responsibilities. The peak of 75,4% in 2022 suggests that there was heightened awareness or pressure - possibly due to global trends or local initiatives - that encouraged entrepreneurs to focus more on sustainable and socially responsible business practices. Conversely, the decline to 61,9% in 2023 could suggest that, while the emphasis on social and environmental impact remains significant, some entrepreneurs may have refocused their efforts on profitability and growth, possibly in response to economic challenges or changing market conditions. This illustrates a strong, albeit fluctuating, commitment among South African entrepreneurs to prioritise social and environmental impact over profitability, with the data highlighting the ongoing importance of sustainability in the entrepreneurial landscape while underscoring the need for continued support to maintain and enhance this focus.

Figure 5.8: *Economic sustainability goals by gender in South Africa (2023)*



*Read as in 2023, 64,3% of male entrepreneurs stated that they prioritise the social and/or environmental impact of their businesses above profitability or growth

Figure 5.8 depicts the percentage of entrepreneurs who prioritise the social and/or environmental impact of their businesses above profitability or growth by gender. The data indicates that a higher percentage of men entrepreneurs (64,3%) prioritise social and environmental impact compared to women (58,9%), suggesting that men entrepreneurs are slightly more inclined to focus on sustainability goals over profit maximisation. This may be attributable to different motivations or pressures between men and women entrepreneurs, which suggests that targeted interventions to support women entrepreneurs in their sustainability efforts while maintaining business growth are called for.

5.4 Adoption of digital technology

The adoption of digital technology has become a critical driver of business innovation and competitiveness, particularly in emerging markets like South Africa. For entrepreneurs, leveraging digital tools and platforms is essential for accessing new markets, improving operational efficiency, and enhancing customer engagement. Consequently, there is a growing recognition of the importance of digital transformation as a key enabler of economic resilience and sustainability in the entrepreneurial sector. This section examines the adoption of digital technology by South African entrepreneurs.

Table 5.1: *The adoption of digital technology in South Africa (2023)*

All businesses, compared to early-stage businesses

Adoption digital technology		TEA	All businesses
In response to the pandemic (early and recent)	Adopted digital technologies in response to the coronavirus pandemic	41,3*	39,4
	Enhanced the initial plans you had with new or improved digital technologies	15,0	15,6
	Already planned a range of digital technologies before the coronavirus pandemic	11,3	13,0
	No Adoption of digital technologies	32,5	32,0
Intention	Have a plan to adopt digital technology with new functions in the next six months	61,3	59,7
	No plan to adopt digital technology with new functions in the next six months	27.,1	27,4
	Might have a plan to adopt digital technology with new functions in the next six months	11,6	12,9

*Read as 41,3% of early-stage entrepreneurs stated that they adopted digital technologies in response to the coronavirus pandemic

To explore the adoption of digital technology, participating entrepreneurs were asked if their businesses had made any changes in the use of digital technologies to sell their products or services in response to the COVID-19 pandemic (**Table 5.1**)[57]:

Adoption of digital technologies in response to the pandemic: The slightly higher adoption of digital technologies by early-stage entrepreneurs (41,3%) than that of all businesses (39,4%) suggests that the pandemic accelerated the adoption of digital tools among emerging entrepreneurs, likely to ensure business continuity during the pandemic and in compliance with social distancing regulations.

Enhanced digital plans: A proactive approach, with some businesses not only adopting digital tools but also seeking to optimise and improve their digital capabilities, is reflected by the percentage of early-stage entrepreneurs (15,0%) and all businesses (15,6%) who enhanced their initial plans in response to the pandemic.

Pre-pandemic digital plans: Some businesses were already on the path to digital transformation prior to the pandemic - possibly those with a greater future orientation or those operating in industries where digital adoption was already critical - as reflected by the 11,3% of early-stage entrepreneurs and 13,0% of all businesses who had already planned a range of digital technologies before the pandemic.

No adoption of digital technologies: 32,5% of early-stage entrepreneurs did not adopt any digital technologies, slightly higher than the 32,0% of all businesses. This could be attributable to barriers to digital adoption among newer businesses, such as financial constraints, lack of digital skills, or uncertainty about the benefits of digital transformation.

Participating entrepreneurs were also asked about their intentions to adopt the use of digital technologies going forward:

Plans to adopt digital technologies: Evidently, participating entrepreneurs have strong intentions to adopt digital technologies with new functions within the next six months, as reflected by the 61,3% of early-stage entrepreneurs and 59,7% of all businesses who responded positively to this question. The recognition of the importance of digital tools for competitiveness and resilience in the post-pandemic economy likely drives this.

[57] Global Entrepreneurship Monitor. (2023). *Global Entrepreneurship Monitor 2023/2024 Global Report: 25 Years and Growing. London: GEM.* https://www.gemconsortium.org/file/open?fileId=51377

No plans to adopt digital technologies: Although the majority of participating entrepreneurs recognise the need to embrace digital tools, some likely experience hesitation or resource limitations, as reflected by the 27.1% of early-stage entrepreneurs and the 27.4% of all businesses who have no plans to adopt digital technology with new functions in the next six months.

Uncertainty in digital technology adoption: 11.6% of early-stage entrepreneurs might plan to adopt digital technology with new functions in the next six months, slightly lower than the 12.9% of all businesses. This could reflect uncertainty or a wait-and-see approach among some entrepreneurs.

Evidently, the COVID-19 pandemic acted as a significant catalyst for digital adoption by entrepreneurs, albeit the data suggests a divide in digital adoption, with a notable percentage of entrepreneurs not having adopted any digital technologies. Nonetheless, the strong intention to adopt digital technologies in the near future is a positive sign, indicating that many entrepreneurs see the long-term value of digital transformation. However, the relatively high percentage of businesses with no plans or uncertainty around digital adoption suggests that continued support and resources are needed to encourage and facilitate this transition.

Table 5.2: *Adoption of digital technology by gender in South Africa (2023)*

Adoption digital technology		Men	Women
In response to the pandemic (early and recent)	Adopted digital technologies in response to the coronavirus pandemic	35,2%	45,0%
	Enhanced the initial plans you had with new or improved digital technologies	15,3%	16,1%
	Already planned a range of digital technologies before the coronavirus pandemic	15,0%	10,4%
	No Adoption of digital technologies	34,5%	28,4%
Intention	Have a plan to adopt digital technology with new functions in the next six months	57,9%	62,1%
	No plan to adopt digital technology with new functions in the next six months	26,3%	28,9%
	Might have a plan to adopt digital technology with new functions in the next six months	15,8%	9,0%*

* Read as 9% of women entrepreneurs stated that they might have the intention to digitalise their business operation in future

Table 5.2 depicts the adoption of digital technology in response to the COVID-19 pandemic by gender.

Adoption of digital technologies in response to the pandemic: Compared to men (35,2%), women entrepreneurs (45%) were more proactive in adopting digital technologies during the pandemic, suggesting that women may have had a more compelling need to pivot business operations to digital platforms for survival and growth.

Enhanced digital plans: The enhancement of digital plans was relatively balanced between genders, suggesting that both men (15,3%) and women (16,1%) entrepreneurs recognised the need to upgrade and expand their digital capabilities as part of their response to the changing business environment during the pandemic.

Pre-pandemic digital plans: Men (15,0%) were slightly more proactive, with pre-existing digital technology plans prior to the pandemic than women (10,4%). This might be reflective of differences in industry focus, resource availability, or pre-pandemic digital literacy levels between men and women entrepreneurs.

No adoption of digital technologies: Interestingly, more men (34,5%) entrepreneurs than women entrepreneurs (28.4%) did not adopt digital technologies, reinforcing the observation that women were more likely to embrace digital transformation during the pandemic.

The following observations can be made about men and women entrepreneurs' intentions to adopt the use of digital technologies going forward:

Plans to adopt digital technologies: Women (62,1%) demonstrate a slightly higher intention to adopt digital technologies in the near future than men (57,9%), indicating a continuing trend of women entrepreneurs being more committed to integrating digital solutions into their business operations after the pandemic.

No plans to adopt digital technologies: Slightly more women (28,9%) than men (26,3%) have no intentions to adopt new digital technologies in the near future. This could be indicative of concerns about costs, digital literacy, or the perceived relevance of certain technologies to their businesses.

Uncertainty in digital technology adoption: A higher percentage of men (15,8%) are uncertain about their digital technology plans compared to women (9,0%), suggesting that men might be more cautious or face greater uncertainty regarding the benefits or implementation of digital technologies than women.

The differences in adoption rates and intentions between genders highlight the importance of understanding the unique challenges and opportunities that digital transformation presents to both men and women entrepreneurs. Targeted support to address these differences could enhance the overall digital readiness of the entrepreneurial sector in South Africa.

5.5 Implications and recommendations for future policy direction

The following policy recommendations are proposed to support and accelerate the integration of sustainability and digital technology adoption among South African entrepreneurs to ensure alignment with national development goals and the broader global agenda:

Awareness of sustainability equality: The promotion of targeted awareness campaigns focusing on the SDGs among entrepreneurs, with particular emphasis on engaging women entrepreneurs and small to medium enterprises (SMEs). Government agencies, business associations, and educational institutions could support these campaigns to ensure that South African entrepreneurs understand the importance of SDGs and how their business sustainability could be enhanced by integrating these goals.

Socio-environmental sustainability: The integration of socio-environmental sustainability practices into entrepreneurs' business models could be incentivised through tax benefits, grants, or subsidies for businesses that demonstrate commitment to environmental stewardship and social responsibility. Government should also provide access to resources and training to assist resource- and capacity-constrained entrepreneurs to implement effective sustainability strategies.

Economic sustainability goals and practices: The findings suggest an opportunity to reinforce support for entrepreneurs who are committed to economic sustainability. Consequently, providing incentives, resources, and tools that align profitability with social and environmental goals could help sustain and possibly increase the percentage of entrepreneurs who prioritise impact over growth.

Adoption of digital technology: Digital transformation could be facilitated by providing financial support, training, and infrastructure development aimed at enhancing digital literacy and reducing the digital divide in South Africa. Focused interventions to promote gender equality in sustainability practices while specifically supporting women entrepreneurs who showed a higher digital adoption rate during the pandemic could ensure that they continue to benefit from digital tools to sustain and grow their businesses in the post-pandemic economy.

Table 5.3: *Global trends of adoption of digital technology*

Canada	TEA: Adopted digital technologies in response to the coronavirus pandemic	TEA: Enhanced the initial plans you had with new or improved digital technologies	TEA: Already planned a range of digital technologies before the coronavirus pandemic	TEA: No Adoption digital technologies	TEA: Have plan to adopt digital technology with new function in next six months	TEA: No plan to adopt digital technology with new function in next six months	
France	32.03	23.81	23.28	20.89	54.13	28.19	
Germany	13.07	17.7	31.29	37.94	35.96	39.96	
Italy	21.15	17.54	30.74	30.58	41.27	33.41	
Luxembourg	27.53	18.49	32.58	21.39	51.4	35.27	
Netherlands	22.61	28.06	26.33	22.99	57.29	27.19	
Norway	12.61	21.59	42.08	23.71	28.74	41.01	
Qatar	15.72	13.66	29.2	41.42	47.18	46.33	
South Korea	49.76	9.28	22.82	18.15	64.56	26.25	
Saudi Arabia	30.87	15.96	21.51	31.66	11.92	53.33	
Slovenia	58.89	18.66	16.64	5.81	77.6	19.66	
Sweden	10.51	22.31	41.83	25.34	47.02	43.61	
Switzerland	11.5	22.21	37.11	29.18	39.71	39.73	
United Kingdom	6.88	20.68	49.61	22.84	30.99	48.35	
United States	21.25	36.15	20.99	21.61	61.53	33.32	
Chile	23.51	27.29	32.77	16.43	46.13	27.77	
China	31.33	23.66	19.08	25.93	74.16	13.24	
Croatia	16.38	19.28	17.18	47.16	33.06	49.52	
Cyprus	25.58	15.02	33.22	26.18	51.96	27.34	
Estonia	35.93	10.98	11.9	41.19	46.56	37.17	
Greece	10.39	15.42	35.17	39.02	37.54	40.59	
Hungary	33.13	20.99	14.96	30.92	44.54	38.19	
Israel	11	26.56	29.25	33.18	42.81	47.73	
Latvia	25.55	26.87	24.29	23.28	52.86	28.18	
Lithuania	13.61	31.09	39.79	15.51	51.17	33.5	
Oman	8.96	33.98	9.41	47.65	19.86	58.58	
Panama	74.5	14.59	7.04	3.87	63.1	11.11	
Poland	33.41	17.05	18.15	31.38	76.61	15.37	
Puerto Rico	33.01	17.24	6.9	42.85	43.66	46.19	
Romania	26.97	23.46	16.83	32.74	77.47	21.54	
Slovakia	15.01	14.03	17.63	53.32	39.62	41.35	
Spain	12.52	19.43	21.3	46.75	40.17	43.57	
Uruguay	28.96	22.74	27.3	21	44.59	31.93	
Brazil	10.8	22.29	15.97	50.94	64.97	32.5	
Colombia	18.56	25.64	31.95	23.84	90.43	8.88	
Ecuador	25.7	12.97	10.32	51.01	60.69	26.64	
Guatemala	14.03	3.41	8.69	73.87	56.46	34.17	
India	20.93	14.17	5.04	59.86	77.06	21.78	
Iran	28.19	18.49	13.29	40.03	40.02	42.07	
Jordan	5.49	33.24	29.88	31.39	51.01	35.92	
Mexico	20.6	11.13	19.05	49.22	45.65	31.37	
Morocco	25.98	19.28	14.08	40.66	71.66	22.15	
South Africa	**18,67**	**18,79**	**4,66**	**57,87**	**54,19**	**33,29**	
Thailand	41.25	14.96	11.28	32.5	61.33	27.08	
Venezuela	24.45	35.7	10.93	28.91	70.7	11.69	
	32.33	12.46	14.91	40.29	78.97	13.3	

	TEA: Might have plan to adopt digital technology with new function in next six months	Early-stage entrepreneur: When making decisions about the future of your business, you always consider social implication	Early-stage entrepreneur: When making decisions about the future of your business, you always consider environmental implication	Early-stage entrepreneur: You prioritize the social and/or environmental impact of your business above profitability or	Early-stage entrepreneur: have you taken any steps to minimize the environmental impact of your business over the past year?	Early-stage entrepreneur: have you taken any steps to maximize the social impact of your business over the past year?	Early-stage entrepreneur: are you aware of the 17 United Nations Sustainable Development Goals?	Early-stage entrepreneur: have you identified any of the goals which are a priority for your business and defined a set
	17,68	71,31	65,67	64,9	63,26	56,55	33,44	73,74
	24,08	66,61	67,09	53,17	32,5	24,39	37,36	45,96
	25,32	72,76	70,56	50,66	49,74	53,09		
	13,34	73,22	79,8	68,88	63,05	46,67	47,29	57,91
	15,52	73,61	75,94	53,75	65,82	53,52	41,35	62,59
	30,25	60,61	59,05	51,26	44,29	45,06	40,56	59,44
	6,49	50,18	65,93	40,67	40,02	25,03	59,19	46,43
	9,19	82,15	83,86	67,92	46,89	47,36	19,12	68,87
	34,75	66,38	58,4	32,59	53,65	28,55	31,68	28,68
	2,75	85,27	78,66	79,85	67,23	68,32		
	9,36	73,99	77,67	64,45	40,28	35,09	24,88	51,75
	20,56	60,1	53,83	48,94	53,38	36,79		
	20,66	70,88	75,41	52	64,5	49,36	33,69	52,13
	5,15	80,84	72,63	56,44	46,98	35,1		
	26,1	67,33	61,15	54,18	55,45	45,44		
	12,59	82,65	83,01	76,38	64,73	52,26	22,38	52,35
	17,42	82,79	82,53	62,2	76,55	70,31	36,47	77,07
	20,7	78,9	77,81	65,86	66,13	58,04	24,29	59,79
	16,27	13,01	12,04	20,56	58,48	41,73	14,97	66,61
	21,87	54,95	61,58	33,08	41,03	23,88	19,04	27,89
	17,27	71,29	78,81	59,87	65,62	48,83	27,27	54,25
	9,46	72,33	77,44	43,68	59,93	40,91	26,61	56,08
	18,97	58,51	48,75	31,42	40,6	42,24	23,87	38,85
	15,33	75,83	77,45	40,9	41,95	29,69	28,18	40,34
	21,56	60,59	52,39	40,36	31,73	36,36	29,24	73,28
	25,8	63,76	68,16	61,65	52,92	47,32		
	8,02	83,73	90,15	77,23	67,52	64,83		
	10,15	85,92	88,89	24,27	55,67	52,22	46,94	64,21
	0,99	89,38	89,84	74,88	61,11	61,82		
	19,03	83,97	82,73	74,64	60,58	55,62	16,59	66,02
	16,26	80,32	80,45	62,64	57,48	38,08	23,13	66,4
	23,48	60,12	58,78	44,15	51,96	40,28	34,6	59,54
	2,53	86,14	90,76	75,29	56,08	48,39	15,07	58,47
	0,69	89,19	90,39	84,01	95,6	92,06		
	12,68	64,42	63,93	51,9	42,51	34,4	11,54	30,52
	9,37	65,13	67,56	59,81	45,48	34,78	4,19	47,75
	1,15	93,17	92,95	82,98	61,72	49,22		
	17,91	90,87	81,61	87,02	33,29	31,03	10,7	61,56
	13,07	46,38	47,29	35,55	38,71	31,51		
	22,98	79,6	72,07	65,25	43,03	37,02	5,9	61,26
	6,19	82,58	83,7	72,08	60,71	55,44	20,63	72,52
	12,52	**62,7**	**68,92**	**56,62**	**29,96**	**34,78**	**1,16**	**50**
	11,59	68,42	60,92	59,39	53,62	55,98	30,92	80,64
	17,6	87,43	87,84	78,08	65,89	60,55	36,83	74,83
	7,73	92,27	90,74	74,39	46,81	45,2		

SECTION

06

NATIONAL CONTEXTS AND ECONOMY PROFILES

SECTION 6

Natanya Meyer, Menisha Moos, Clavis Fubah, Angus Bowmaker-Falconer and Danie Meyer

NATIONAL CONTEXTS AND ECONOMY PROFILES

6.1 Introduction

The last two decades have recorded an increase in scholarly attention on the topic of entrepreneurial ecosystems[58],[59]. This surge of interest from scholars on the topic can be attributed to the entrepreneurial ecosystems' ability to describe the location and collaborative aspects of entrepreneurship[60]. Policy makers have also focused on the topic due to the quest to provide an enabling entrepreneurial environment for business operations in their various jurisdictions. Moreover, the goal of policy makers is to create a supportive and enabling environment that can foster innovation, reduces entrepreneurial barriers, whilst encouraging the growth and sustainability of new ventures [61],[62].

The ecosystem concept emerged from Biology and was initially described as a complex interactive system of living organisms with their physical environment [63]. The term ecosystem, in reference to businesses, generally refers to a group of interacting firms that depend on each other's activities for survival" [64].

The biological ecosystem in reference to businesses mainly highlights the relationships, interactions and interdependencies which exits between focal business players in any specific region[65]. In this GEM report, we define the entrepreneurial ecosystem as "combinations of social, political, economic, and cultural elements within a region that support the development and growth of innovative start-ups and encourage nascent entrepreneurs and other actors to take the risks of starting, funding, and otherwise assisting high-risk ventures"[66].

Different ecosystem typologies have emerged from the biological phenomenon, namely business ecosystem, innovation ecosystem, knowledge ecosystem and the entrepreneurial ecosystem. We emphasise that the entrepreneurial ecosystem appears to be the most discussed typology of ecosystem in the management literature in comparison to the other ecosystem typologies. With this regard, there has been a growing focus on the topic among researchers in the fields of innovation, entrepreneurship, economic geography, international business and public policy[67].

Scholars have identified and grouped different components of the entrepreneurial ecosystem into systemic and framework conditions [68],[69]. The systemic conditions are the heart of the ecosystem, and they include networks, leadership, finance, talent,

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knowledge, and support services[70]. The interaction between these elements determines the success of the entire entrepreneurial ecosystem. The framework conditions on the other hand include institutions, culture, physical infrastructure, and demand. These elements are considered as the fundamental causes of value creation in the entrepreneurial ecosystem[13]. The ongoing interaction among these components is critical for the optimum functioning of the ecosystem and leads to productive entrepreneurship. Productive entrepreneurship is that which contributes to societal wellbeing, including the introduction of new products or new production processes[71].

Other research has grouped the components of the entrepreneurial ecosystems into three important attributes (cultural, social, and material) that provide critical resources for entrepreneurs and consequently new venture creation[72]. The cultural attributes rotate around people's beliefs and attitudes as far as entrepreneurship is concerned. Entrepreneurial success stories shared within the community inspire prospective entrepreneurs to pursue a career in entrepreneurship, possibly resulting in the formation of new ventures. The formation of new ventures could in-turn create jobs and as such will reduce the high youth unemployment rates which has become a common characteristic of most emerging economies.

The social attributes highlight social networks and the resources available through the social networks. The social networks provide access to critical resources such as information, finance, investors, mentors, knowledge and business ideas among others, all of which are considered as critical to the entrepreneurial process, new venture creation and growth of entrepreneurial ventures. Engaging in multiple networking also provides access to a diverse set of resources and benefits all of which are critical to the growth of ventures within the ecosystem. The material attributes are those with a physical presence in entrepreneurial ecosystems e.g., universities, research and development facilities and support services. As with the cultural and social attributes, the material attributes for instance universities provide critical knowledge, talent and training, thus encouraging the creation of new ventures[73].

The entrepreneurial ecosystem has also been identified to play a major role in global value chain activities[74], while nurturing the entrepreneurial activities of marginalised minority groups such as migrant women entrepreneurs[75],[76]. With this regard, literature is gradually shifting its focus on the role of the entrepreneurial ecosystem on local entrepreneurs to include migrants who engage in entrepreneurial activity in host country ecosystems. Recent research indicates that the structure, policies, programs, and individual agency of the entrepreneurial ecosystem help migrant entrepreneurs, including women, grow their businesses. Furthermore, migrant entrepreneurs, including women, participate in various sectors of the host country ecosystem; as a result, they contribute to the host country's entrepreneurial ecosystem dynamics not only through productive entrepreneurship, but also by enriching the ecosystem's resource endowment and institutional arrangements. This explains why an inclusive entrepreneurial ecosystem is more productive than one that excludes talented and entrepreneurial-minded migrants.

Another stream of research on the circular economy has highlighted the role that the entrepreneurial ecosystem plays in enabling the transition from traditional business models to more sustainable or environmentally friendly business models. With this regard, studies have indicated that transitioning toward a more circular and sustainable entrepreneurial ecosystem cannot be achieved without a clear understanding of the key drivers that influence the adoption of circular economy practices by businesses[77]. This implies without the continuous interactions of the actors in the entrepreneurial ecosystem such as universities, business incubators and related venture development intermediaries considered as the different actors that that drive its

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productivity, then circularity cannot be achieved[78]. Thus, the collaboration and interaction of the different actors is vital for the adopting and implementation of circular business models.

The entrepreneurial ecosystem has become a prominent concept especially in an emerging economy such as South Africa. The concept of entrepreneurial ecosystems provides a structure that can help entrepreneurs create their own supportive environments because it consists of a community of multiple stakeholders and role players[79]. Entrepreneurs must realise, as well as feel, that they are not alone in the challenging business world and need an entrepreneurial ecosystem offering considerable support to enhance their likelihood of success[80].

Every entrepreneurial ecosystem has divergent members with individual characteristics. Creating a successful entrepreneurial ecosystem demands a deep knowledge of the culture arising from the blend and features of each environment[81]. Consequently, when evaluating entrepreneurial ecosystems it is important to consider the context within which an entrepreneur has to set up their business venture. Within the different contexts one will be able to identify context specific entrepreneurial ecosystem actors and factors that enable or constrain entrepreneurship. These contexts can be determined by amongst others the geographic place/location of the business venture whether its is nationally, regionally or locally; age, gender, education, level of expertise and nationality of the entrepreneur. With an increasing number of businesses engaging and adopting digital technology, the digital entrepreneurial ecosystem came into existence and focuses on the digital infrastructure and its users[82].

In a diverse country such as South Africa there are different contexts to consider such as the formal and the informal sector; urban and rural areas; township and non-township economies; start-up and established entrepreneurs and businesses; men and women entrepreneurs; immigrant and non-immigrant entrepreneurs; and young and more mature entrepreneurs. Therefore, there should not be a one-size-fits all or blanket approach by the key stakeholder groups and role players in the entrepreneurial ecosystem such as policy makers, investors and business incubators[83] to address the myriad, varied and ever-changing skills, needs and resources requirements of the different types of entrepreneurs in South Africa. According to Brush, Edelman, Manalova and Welter[84], who has taken a gendered look at the entrepreneurial ecosystems, there is the implicit assumption that all entrepreneurs have equal access to resources, participation, and support, as well as an equal chance of achieving success when establishing a start-up venture. However, this is not always the case in practice and in reality women entrepreneurs are at a disadvantage. They have to cleverly navigate the entrepreneurial ecosystem for the necessary access to resources and support.

The South African entrepreneurial ecosystem is dynamic and evolving, with many opportunities and challenges for new venture creation. By leveraging the strengths of the existing entrepreneurial ecosystem factors and addressing the key challenges, entrepreneurs in South Africa can continue to confidently drive economic growth in the country. The different elements and factors in the entrepreneurial ecosystem may not share the same level of importance and the relationships between the factors may vary[85]. However, ultimately, they cannot exist in isolation. They all need to collaborate and work in unison to support each other to create an entrepreneurial ecosystem that is sustainable, optimally functional and resilient. Therefore, it is crucial for entrepreneurs to familiarise themselves with and understand the roles of the diverse actors within the entrepreneurial ecosystem when making strategic decisions about the kinds of resources, networks, support and institutions they have to approach in order to achieve their objectives[86].

To date the South African entrepreneurs have demonstrated their ability to actively create their own entrepreneurial ecosystems, leveraging their strengths in support systems, cultural values, funding and finance, education and training as well as by focusing on key components such as leadership, infrastructure, markets and policy. They have leveraged technology and digital platforms to create virtual entrepreneurial ecosystems and foster global connections, thereby

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expanding their access to resources, networks, and knowledge beyond geographical boundaries. Nurturing a supportive entrepreneurial ecosystem across all sectors and communities plays a vital role in promoting inclusive, productive and sustainable entrepreneurship in South Africa which is needed to unlock new avenues for economic prosperity and social advancement.

6.2 Factors contributing to an enabling environment

This section examines the role of local government in creating an enabling environment for economic growth, innovation, social equity, and sustainable development in South Africa. The GEM South African Adult Population Survey (APS) data reveals that local government plays a crucial role in fostering growth and the advancement within communities creation of enabling environments.

According to Commonwealth Foundation[87], which cites Thindwa[88], an enabling environment is a group of interconnected elements that affect development actors' capacity to consistently and successfully engage in the process of development transformation. These elements include bureaucratic, budgetary, legal, informational, cultural, and political aspects. An enabling developmental environment is "A set of policies, institutions, support services and other conditions that collectively improve or create a general business setting where enterprises and business activities can start, develop and thrive"[89].

However, local governments face challenges such as limited funding, skills, and capacity, which hinder their efforts to foster a more conducive environment. The section also discusses the need for better integration and cooperation among stakeholders and government departments to prevent redundant efforts and establish complementary roles. Challenges include skewed settlement patterns, uneven distribution of economic and social activities, financial instability, and limited capacity. Complex legislation, such as the Municipal Structures Act and the Municipal Systems Act, can also stifle innovation and initiatives[90]. The section concludes that if local government can create an enabling environment, local businesses and communities will prosper.

This section outlines the key characteristics for creating an enabling environment within local government, emphasizing the need for collaboration and assistance from other government tiers. Twelve factors have been identified, including economic, social, political, physical, and basic necessities. Effective governance is crucial for local development, establishing a solid foundation for progress[91]. To achieve these goals, strategic planning, integration, coordination, and community engagement are essential[92]. However, the concept of an enabling developmental environment has not been properly integrated into government structures due to factors like poor strategy design, lack of clear policy direction, limited capability, skills, commitment, and budget limits. The 2011 World Economic Forum[93] introduced the concept of FAST governments, emphasizing effective governance practices like citizen involvement, efficient administration, decentralized decision-making, skilled workforce, and innovative technologies. Meyer[90] identified 12 factors that influence the creation of an enabling environment within local communities.These are:

Partnerships formation: Collaborations among local government, private sector, non-profit organisations, and communities enhance quality of life through the integration of resources and expertise. Partnerships promote economic development, generate employment, and enhance competitive advantages, thereby enabling rapid growth and efficient regulatory processes.

Local leadership: Effective local leadership and political stability are essential for the progress of developmental local governance. Collaboration among government entities, political parties, businesses, and communities is crucial for effective policy formulation and decision-making, which in turn fosters economic development and enhances community economic conditions.

Economic development actions (LED): Inclusive economic development, defined by participation, growth, and job creation, is essential for regional prosperity[94]. LED initiatives facilitate business development and exports, implemented by local governments. The Department of Economic Development oversees and executes the NGP, facilitating employment strategy and vision.

Infrastructure development: Infrastructure development and capacity are essential for economic

[87] Commonwealth Foundation. (2015). Civil Society Engagement Strategy. https://commonwealthfoundation.com/wp-content/uploads/2015/08/Civil%20Society%20Engagement%20Strategy%20(Updated%20March%202015)_0.pdf

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advancement, as they offer a competitive edge and facilitate the success of local enterprises. Investment in infrastructure—such as roads, water supply systems, ports, storage facilities, and energy sources—is crucial.

Entrepreneurial opportunities: Encouraging entrepreneurship and skill development is essential for competitive industries; however, elevated taxation and local regulations may impede growth. Mentorship, funding, supportive policies, and training are essential requirements.

Access to opportunities: Access to markets, transportation, and ICT infrastructure significantly influence economic development. Resources such as land, finance, and technology are also contributing factors. Policies regarding land and property ownership, along with transportation infrastructure and enhanced access, generate increased economic opportunities within the jurisdiction of local government[95].

Safe and secure environment: Sustainable economic development depends on a secure, law-abiding environment, as elevated crime rates adversely affect local businesses. Effective crime prevention, addressing corruption, and promoting good governance are crucial[94].

Structures, capacity, policies and initiatives: Effective policies and institutional capacities are essential for governance and economic advancement[96]. Relaxing regulations, simplifying business processes, prioritising research and innovation, incentivising efforts, combating corruption, and revising regulations are essential measures.

Poverty alleviation and social development: The International Labour Organisation (ILO)[97] advocates for pro-poor growth, sustainable economic development, and equitable opportunities for the disadvantaged, with local governments and safety nets promoting poverty alleviation.

Environmental and spatial development actions: Spatial planning plays a vital role in strategic planning, directing local economic development and facilitating optimal regional placements. The objective is to address spatial disparities, foster sustainable environments, and enhance community participation, thereby potentially correcting spatial inequalities stemming from historical apartheid policies[98].

Human resource development: The absence of a skilled workforce, insufficient entrepreneurial support, and limited expertise impede development. Stringent labor regulations contribute to high unemployment rates, whereas flexible regulations promote job creation.

Agricultural development: The agricultural sector plays a vital role in job creation and poverty alleviation, offering land ownership opportunities for disadvantaged individuals. Support for emerging and commercial farmers encompasses financial resources, infrastructure development, export research, market identification, and incentives.

Figure 6.1: *Enabling environment factors*: South African Adult Population*



[95] Leigh, N.G., & Blakely, E.J. (2016). Planning Local Economic Development: Theory and Practice. SAGE Publications.

[96] Human, F., Lochner, M., & Botes, L. (2008). Making plans against all odds: LED in small towns of the Free State Province, South Africa. Africa Insight, 38(1), 1–12.

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[98] Blakely, E. J., & Bradshaw, T. (2002). Planning Local Economic Development: Theory and Practice (3rd ed.). SAGE Publications.

*Each factor was assessed using a Likert scale that ranged from 1 (strongly disagree) to 5 (strongly agree). A score of 2,5 represents the midpoint; therefore, scores exceeding this value can be deemed sufficient.

The initial level of analysis (**Figure 6.1**) examines the entire sample, thereby reflecting the South African perspective. All factors received scores exceeding the midpoint of 2,5, albeit only slightly. Infrastructure development, access to opportunities, and environmental and spatial development received the lowest score of 2,71. Agriculture achieved the highest ranking with a score of 2,77.

South Africa is grappling with numerous infrastructure issues, including power outages (which fortunately have been fewer in the last few months), water scarcity, decaying roads and rail and severe sewer spillages, which are threatening to become a "failed state." Spatial planning is crucial for reducing climate change, but in many developing countries, it is not up to standard. Despite well-planned cities, rural areas are rapidly degrading due to non-planning and service deterioration. Agriculture is crucial for economic development, poverty alleviation, and food security. Small-scale agricultural productivity is hindered by infrastructure limitations, a lack of farming skills, significant soil degradation, and challenging economic situations. Land reform, while facilitating the development of farming systems, can negatively affect commercial farming due to uncertainty about land futures. Many small-scale farmers fail due to these obstacles. **Table 6.1** and **Figure 6.2** show the rates of enabling factors per province and the best and worst-performing factors per province.

Table 6.1: *Enabling environment factors per province*

Factor and national rate	Gauteng N=704	Eastern Cape N=349	Western Cape N=327	Northern Cape N=60	Kwazulu Natal N=476	Free State N=143	Mpumalanga N=225	Limpopo N=294	North West N=172
Partnership formation –2,74	2.75	2.94	2.63	2.57	2.75	2.81	*3.20*	**2,42**	**2,46**
Leadership – 2.73	2.74	2.95	2.61#	2.47	2.75	2.82	*3.21*	**2,32**	**2,46**
Economic development actions (LED) –2.74	2.74	2.97	2.77*	**2,42**	2.71	2.85	*3.22**	**2,36**	**2,40**
Infrastructure development – 2,71	2.66#	*3.01*	2.62	**2,47**	2.68	2.86	*3.07*	**2.40**	2.52*
Entrepreneurial opportunities – 2.73	2.75	*3.01*	2.65	2.53	2.69	2.93*	*3.06#*	**2,34**	**2,48**
Access to opportunities – 2,71	2.66	2.97	2.71	**2,45**	2.69	2.78	*3.19*	**2,44**	**2,35**
Safe and secure environment – 2.74	2.74	*3.07**	2.68	**2,46**	2.69	2.79	*3.07*	**2,43**	**2,47**
Structures, capacity. policies and initiatives – 2.73	2.71	2.95	2.76	**2,24#**	2.69	2.91	*3.18*	**2,31#**	2.50
Poverty alleviation and social development – 2.72	2.71	*3.01*	2.62	**2,27**	2.72	2.89	*3.11*	**2,46**	2.40
Environmental and spatial development actions – 2.71	2.67	2.94	2.69	**2,44**	2.66#	2.76#	*3.17*	**2,42**	2.52*
Human resource development – 2.75	2.76*	2.91#	2.71	2.53	2.76	2.77	*3.14*	2.51	**2,39**
Agricultural development – 2.77	2.73	2.99	2.69	2.69*	2.85*	2.92	*3.09*	2.52*	**2,33#**

Figures per province	
Bold figures	Below the mid-point of 2.5 and thus considered inefficient.
Italic figures	Above 3 and thus considered the most efficient.
Underlined figures	Below the national average.
Asterick (*) figures	Best performing
Hashtag (#) figures	Worst performing factors

Table 6.1 indicates that the Northern Cape, Limpopo, and North-West are the three lowest-performing provinces. In Limpopo, ten out of twelve factors are below average, while in the Northern Cape and North-West, eight out of twelve factors are below average. The Eastern Cape exhibited four factors with scores exceeding three, while Mpumalanga demonstrated that all twelve factors surpassed a score of three. Only these two provinces exhibited such high scores. All 12 factors met or exceeded the national average for the Eastern Cape, Free State, and Mpumalanga. All twelve factors received scores below the national average in the Northern Cape, Limpopo, and North-West regions.

Figure 6.2: *Enabling environment factors per province: Best and worst performing factors*

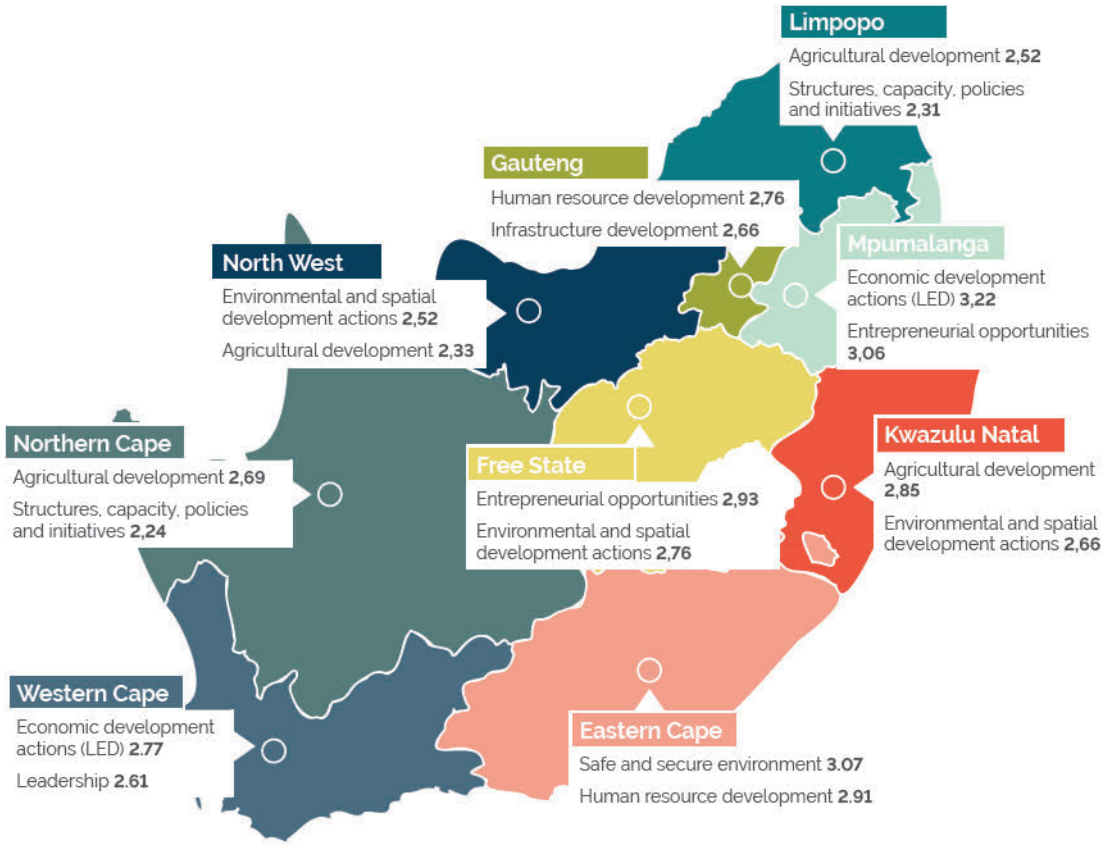


Figure 6.2 illustrates the developmental determinants across the provinces of South Africa. Gauteng demonstrates superior performance in human resource development (2,76), exceeding the national average (2,75), which reflects a significant emphasis on education and skill enhancement. However, its economic prominence (2,74) does not correspond with its insufficient infrastructure development (2,66). The Western Cape (2,77) and Mpumalanga (3,22) exhibit notable effectiveness in executing economic development initiatives, thereby facilitating economic growth and investment. The Western Cape is experiencing a deficiency in competent leadership (2,61), which suggests underlying governance challenges. Mpumalanga's entrepreneurial opportunities, with a score of 3,06, are ranked lower than other factors yet remain above the national average of 2,73.

Agricultural development is prioritised in the Northern Cape (2,69), Limpopo (2,52), and Kwazulu Natal (2,85) provinces, underscoring the essential role of agriculture in their economies and livelihoods. Challenges emerge in the implementation of policies that concentrate on the structure of the agricultural sector and environmental planning. Policy reforms and environmental management strategies are essential for advancing sustainable agricultural practices.

The Eastern Cape demonstrates competence in establishing a secure environment (3,07), yet encounters difficulties in human resource development. The Free State encounters challenges in economic development and environmental management, highlighting the necessity for entrepreneurship and sustainable practices. The North-West province's focus on environmental and spatial development initiatives (2,52) is below the national average (2,71). Additionally, low ratings for agricultural development (2.33) highlight significant agricultural challenges that require intervention to enhance food security and rural livelihoods.

Tailored interventions are essential to address regional disparities and promote holistic development throughout South Africa's provinces.

6.3 Entrepreneurial Framework Conditions: Perspective from the National Expert Survey

This section presents and discusses the GEM South Africa NES results, which illustrate the current state of the national entrepreneurship ecosystem.
GEM evaluates the perceived quality of the national entrepreneurial ecosystem through its Entrepreneurial Framework Conditions (EFCs) methodology. The EFCs result from a synthesis of research and experience, serving as critical determinants of productive entrepreneurial activity. The existing entrepreneurial framework conditions significantly affect the decision to initiate and expand new enterprises, as they dictate the level of difficulty in establishing and nurturing a sustainable and successful business.

Table 6.2 presents GEM's description and assessment of a national entrepreneurial ecosystem based on nine EFCs, including subcategories.

Table 6.2: *Entrepreneurial Framework Conditions (EFCs)*[99]

	Entrepreneurial framework condition	Description
A1	Entrepreneurial Finance	Are there sufficient funds for new startups?
A2	Ease of Access to Entrepreneurial Finance	And are those funds easy to access?
B1	Government Policy: Support and Relevance	Do they promote and support startups?
B2	Government Policy: Taxes and Bureaucracy	Or are new businesses burdened?
C	Government Entrepreneurial Programmes	Are quality support programmes available?
D1	Entrepreneurial Education at School	Do schools introduce entrepreneurship ideas?
D2	Entrepreneurial Education Post-School	Do colleges offer courses in starting a business?
E	Research and Development Transfers	Can research be translated into new businesses?
F	Commercial and Professional Infrastructure	Are these sufficient and affordable?
G1	Ease of Entry: Market Dynamics	Are markets free, open and growing?
G2	Ease of Entry: Burdens and Regulation	Do regulations encourage or restrict entry?
H	Physical Infrastructure	Is this sufficient and affordable?
I	Social and Cultural Norms	Does culture encourage and celebrate entrepreneurship?

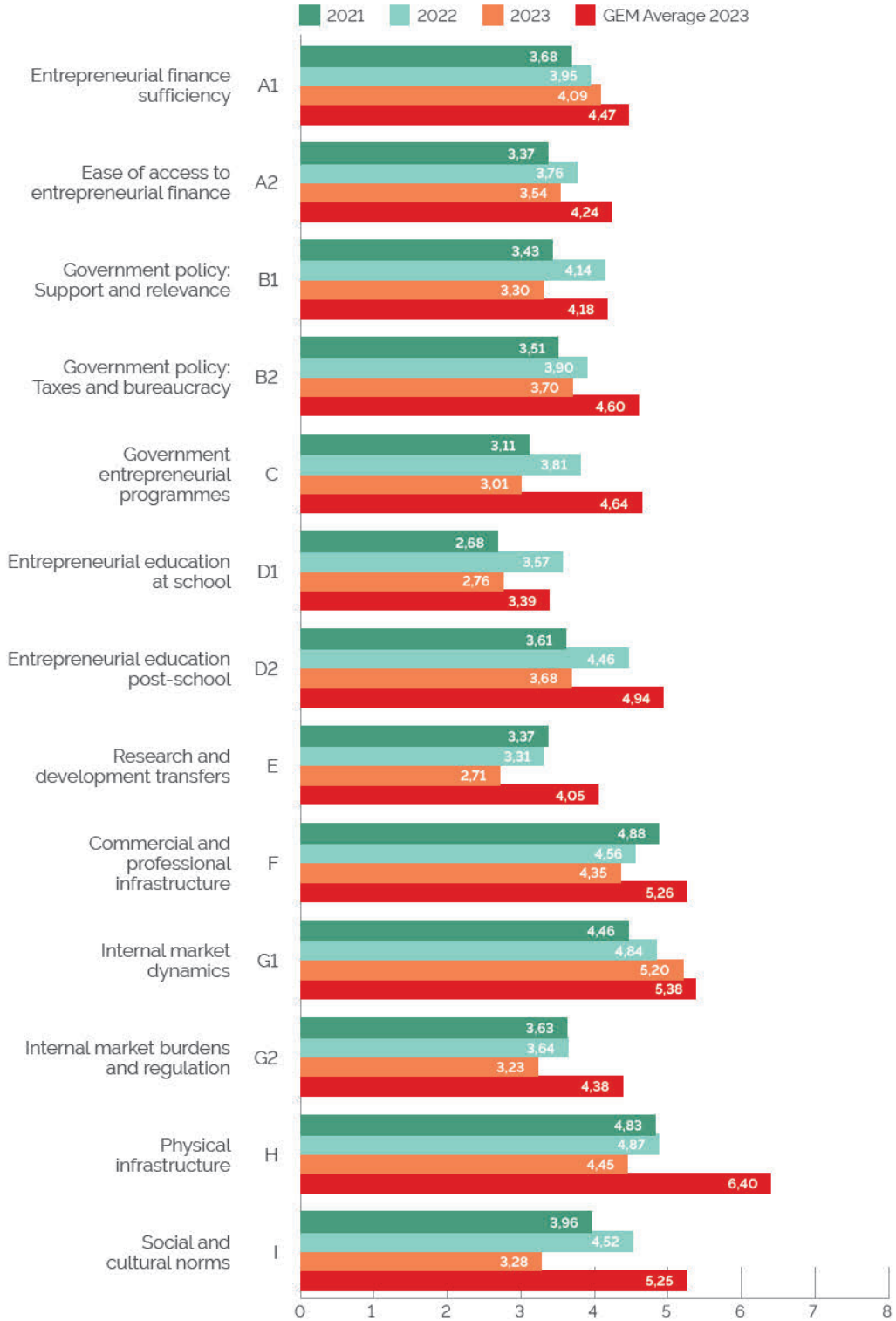
The Global Entrepreneurship Monitor (GEM) introduced the National Entrepreneurial Context Index (NECI) in 2018, which measures a nation's entrepreneurial ecosystem quality. The NECI is a composite index that compares a nation's entrepreneurial ecosystem with other economies. It represents expert evaluations across 13 framework conditions, indicating a conducive environment for entrepreneurship. A favourable entrepreneurial environment supports business startups, growth, and expansion, enabling the transition from startups to established enterprises.

[99] GEM. (2023). Global Entrepreneurship Monitor 2023/2024 Global Report: 25 Years and Growing. GEM.

6.3.1 Entrepreneurial Framework Conditions (EFCs)

This section presents an analysis and discussion of the data derived from the NES EFCs. **Figure 6.3** illustrates the EFCs from 2021 to 2033 alongside the GEM global average.

Figure 6.3: *South African Entrepreneurial Framework Conditions 2021 to 2023 and GEM Average (2023)*



Entrepreneurs in developing economies face significant funding challenges, with the sufficiency of entrepreneurial finance in South Africa declining from 4,80 in 2016 to 3,68 in 2021, followed by minor improvements to 3,95 in 2022 and 4,09 in 2023. However, this remains below the 2023 GEM average of 4,47. Access to financing (A2), introduced in 2021, improved from 3,37 to 3,76 in 2022, but fell to 3,54 in 2023, still below the global average of 4,24.

Government policy support (B1) showed a fluctuating pattern, rising from 3,43 in 2021 to 4,14 in 2022, then falling again to 3,30 in 2023, below the GEM average of 4,18. Taxation and bureaucracy (B2) improved from 3,51 in 2021 to 3,90 in 2022 but dipped to 3,70 in 2023, while government entrepreneurial programmes (C) followed a similar trend, peaking at 3,81 in 2022 before dropping to 3,01 in 2023, against a global average of 4,64.

Entrepreneurial education at the school level (D1) peaked at 3,57 in 2022, then fell to 2,76 in 2023, while post-school education (D2) climbed to 4,46 in 2022 but dipped to 3,68 in 2023. Research and development transfers (E) declined from 3,37 in 2021 to 2,71 in 2023, well below the GEM average of 4,05. Commercial and professional infrastructure (F) consistently declined from 5,40 in 2015 to 4,35 in 2023.

Internal market dynamics (G1) improved, reaching 5,20 in 2023, though slightly below the global average of 5,38. However, internal market burdens and regulation (G2) continued to decline, reaching 3,23 in 2023. Physical infrastructure (H) deteriorated from 6,60 in 2015 to 4,45 in 2023, far below the GEM average of 6,40, while cultural and social norms (I) dropped from 4,52 in 2022 to 3,28 in 2023, below the global average of 5,25.

The COVID-19 pandemic severely affected business conditions, especially in 2020 and 2021, as governments' responses shaped the entrepreneurial environment. While some entrepreneurs seized new opportunities, many struggled, and for some, starting a business became a necessity due to widespread job losses. Despite a promising recovery in 2022, with most EFCs improving from the previous year, 11 of the 13 conditions declined again in 2023, with some falling below their 2021 levels. Key reasons for this decline include political instability, slow economic growth, inadequate infrastructure, skills shortages, and regulatory barriers.

South Africa's economic conditions and perceptions of its entrepreneurial environment directly impact the ease of starting and growing businesses. Comparing South Africa to other countries by income level, particularly within the World Bank's upper middle-income group, offers insights that could inform future policies to support entrepreneurial activity. GEM data shows that South Africa remains challenged in creating an enabling environment for entrepreneurs relative to both upper and high-income nations.

Figure 6.4: *EFCs: South African comparison to GEM and country income levels (2023)*

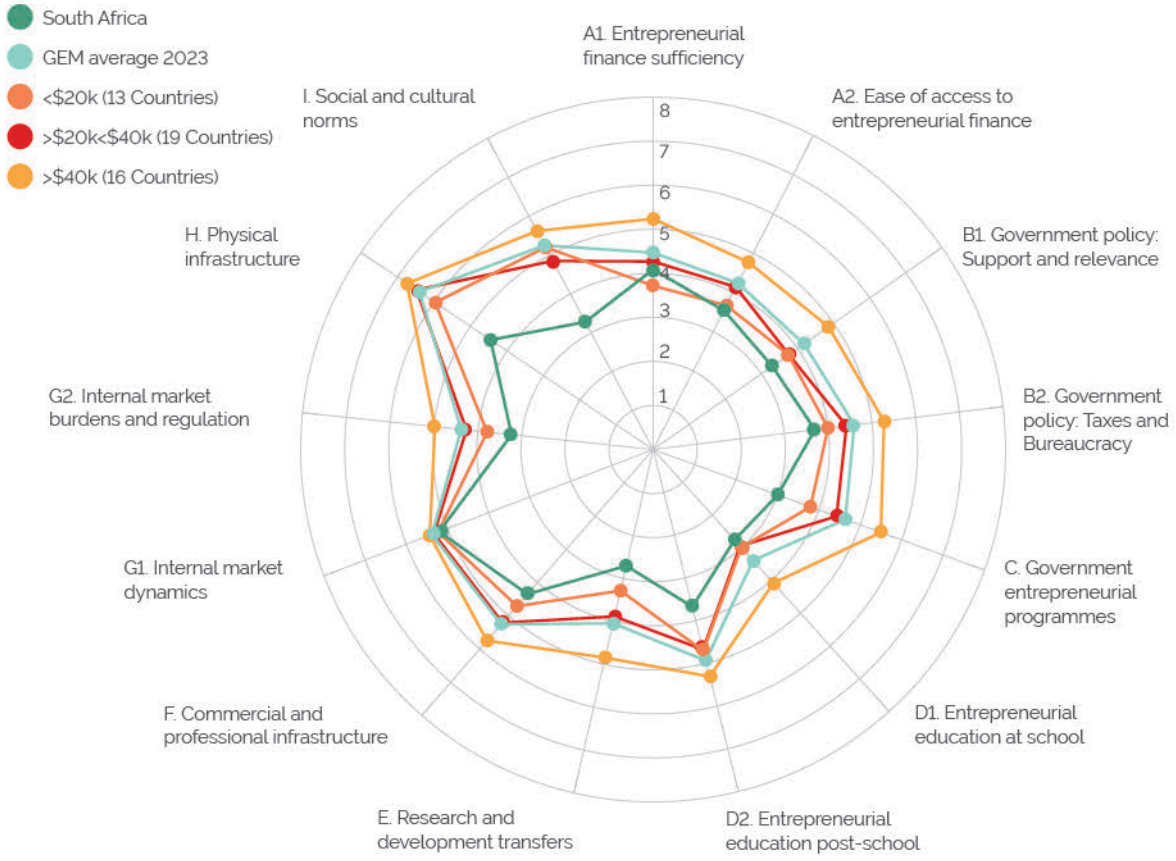


Figure 6.4 illustrates that South Africa's performance in Entrepreneurial Framework Conditions (EFCs) is lower than the averages across all categories—GEM total average, <$20 000, >$20 000:<$40 000 and >$40 000—with one exception. South Africa (4,09) scored marginally higher than the <$20 000 category (3,72) in entrepreneurial finance sufficiency (A1). Additionally, South Africa's performance in internal market dynamics (G1) is marginally lower compared to global and other categories grouping. However, South Africa underperformed in all other EFCs.



Xumana Sibambane Organisation

"Spreading Hope, One Word at a Time"

Civic Organisational Start-up

As a black women-owned BBBEE Level I Organisation, I am proud to say that our non-profit (NPO) organisation is heavily involved in human rights and gender justice. Overall, our organisation supports the community via social and personal services and was officially established and registered in November of 2021. Presently, our organisation has over 5000 beneficiaries, with plans to expand our current numbers extensively. Since we live in a country, South Africa, where sexual gender-based violence and femicide do take place, I decided to be proactive and organised a group of concerned individuals who felt we could confront this problem with love and understanding for the victims. Much of what I (and my colleagues) have noticed is the lasting pain, suffering, and unemployment among our youth. Moreover, we are very much aware of gender violence and the growing poverty caused by unemployment within our communities. Thus, we collectively decided to do something about violence, economic disparity, and inequalities in our townships. With my degree in Operations Management from the University of Johannesburg, I have garnered some skills in organising, operating and strategising, which has helped me reach many people who are in need of assistance. In short, I consider myself blessed to be a multitasking individual, which has enabled me to also work as the CEO of the Blaque Table and CEO of P for Profit Gardening Solutions. Lastly, I recently had the opportunity to be a candidate for the JP Morgan *"Victory is Hers"* business programme sponsored by the Gordon Institute of Business Science. My desire is to see other young women implement their talents and skills to reach remarkable achievements in their lives without the threat of abuse and fear of danger. This is the goal of our organisation. We can all achieve different levels of success, tempered by humility and a zest for helping others who are struggling.

Advocacy and Funding

As a community-conscious organisation, we are steadfast in our commitment to eradicate and, at the very least, abate gender-based violence against women and others not only in South Africa but the entire continent of Africa. A significant part of our mission is that we sincerely believe in the motto: "leaving no one behind". Moreover, we are presently developing strategies to combat this scourge of sexual and physical violence against women through AI technology, which will significantly enhance safety and security via wearable jewellery. For example, we receive donations and funding to produce and market safety key chains, panic buttons, tasers, and tools for breaking windows as an auxiliary to deter such dangerous attacks. We also sponsor vital workshops and courses to alert and educate women about how to stay safe and protect themselves in our present environment.

Network Strategies

Our organisation was recently invited for an interview with an online radio station. Needless to say, we took full advantage of this opportunity to promote our mission to the public, as we are aware of the immense power of diverse media platforms. Thus, we are actively positioning ourselves to reach people not only in South Africa but also across the entire continent and the global audience. We also attend workshops, conferences, symposiums, and webinars to spread the word. Moreover, our collaborations with the government have also proved fruitful, and we market merchandise to fund our programmes. That said, we are also very much convinced that word-of-mouth constitutes a brilliant tool for advising people of this ever-expanding problem that faces our population, especially women. By interacting and communicating with others who have experienced such abuse, women can garner a more realistic perception of the problem we are facing. Our website also enables us to consistently share and update information to raise further awareness and encourage change. Besides this, we also support BBBEE programmes, which help restore dignity and uplift women who wish to start a business, especially since black women have been marginalised for such an extended period of time.

Talented and Committed Individuals and the Future

In order to be a part of our organisation, we require that our associates be truly passionate about human rights and gender justice. We not only desire a committed group of women and men of all ages to join in this campaign against gender violence so as to create a safer and more compassionate South Africa, but we also want volunteers who are focused on alleviating poverty in South Africa by endorsing the implementation of policies that already exist to combat the problem of unemployment. Ultimately, we look forward to a future where we can ensure safety for women and children worldwide, which is our primary mission. Lastly, just remember, "**The hardest part about never giving up is convincing yourself that you are capable**." You, too, can make a difference!

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6.3.2 National Entrepreneurial Context Index (NECI)

The National Entrepreneurial Context Index (NECI) evaluates a country's entrepreneurial environment by averaging its Entrepreneurial Framework Conditions (EFC) scores. It provides a comprehensive assessment of an economy's overall entrepreneurial context, highlighting how countries strengthen or weaken their entrepreneurial environment, influenced by various factors.

Table 6.3: *National Entrepreneurial Context Index (NECI) 2021 to 2023*

	2021 (50 Countries)	2022 (51 Countries)	2023 (49 Countries)
Argentina	-	3,7 (46)	3,9 (43)
Austria	-	4,8 (22)	-
Belarus	3,6 (47)	-	-
Brazil	3,6 (48)	3,6 (48)	3,8 (46)
Canada	5,1 (13)	5,1 (16)	4,8 (14)
Chile	4,5 (26)	4,5 (29)	4,6 (21)
China (PRC)	-	5,6 (11)	5,4 (10)
Colombia	4,7 (22)	4,5 (28)	4,1 (37)
Croatia	3,9 (41)	4,1 (39)	4,3 (32)
Cyprus	4,2 (34)	4,3 (33)	4,0 (40)
Dominican Republic	3,7 (45)	-	-
Ecuador	-	-	3,9 (42)
Egypt	4,4 (28)	4,3 (32)	-
Estonia	-	-	5,9 (6)
Finland	6,2 (3)	-	-
France	5,1 (14)	5,1 (18)	5,0 (12)
Germany	5,1 (15)	5,1 (17)	4,8 (17)
Greece	4,4 (29)	4,6 (26)	4,6 (24)
Guatemala	3,8 (44)	3,8 (43)	3,8 (45)
Hungary	4,5 (27)	4,7 (24)	4,5 (25)
India	5,0 (16)	6,1 (4)	6,6 (2)
Indonesia	-	5,8 (7)	-
Iran	3,3 (49)	3,6 (50)	2,8 (49)#
Ireland	4,7 (23)	-	-
Israel	4,9 (18)	5,5 (12)	4,1 (38)
Italy	4,7 (24)	4,2 (37)	4,5 (26)
Jamaica	4,2 (35)	-	-
Japan	4,7 (25)	5,0 (21)	4,4 (27)
Jordan	-	-	4,7 (20)
Kazakhstan	4,8 (21)	-	-
Latvia	5,0 (17)	5,5 (13)	5,0 (13)
Lithuania	6,1 (4)	5,8 (6)	6,1 (4)
Luxembourg	4,9 (19)	5,0 (20)	4,6 (23)
Mexico	4,3 (30)	3,8 (44)	3,9 (41)
Morocco	3,9 (42)	4,3 (35)	4,3 (30)
Netherlands	6,3 (2)	5,6 (5)	5,9 (7)
Norway	5,7 (7)	5,2 (14)	4,7 (18)
Oman	4,1 (38)	4,2 (38)	5,4 (11)
Panama	3,9 (43)	4,3 (34)	4,2 (35)
Poland	4,2 (36)	3,8 (45)	4,3 (33)
Puerto Rico	-	3,8 (42)	4,2 (36)
Qatar	5,5 (8)	5,7 (10)	6.0 (5)

	2021 (50 Countries)	2022 (51 Countries)	2023 (49 Countries)
Republic of Korea	5,7 (6)	5,7 (9)	5,8 (8)
Romania	4,0 (40)	4,2 (36)	4,3 (31)
Russia	4,1 (39)	-	-
Saudi Arabia	6,1 (5)	6,3 (2)	6,3 (3)
Serbia	-	4,6 (27)	-
Slovak Republic	4,3 (31)	4,4 (31)	4,0 (39)
Slovenia	4,3 (32)	4,8 (23)	4,8 (15)
South Africa	3,7 (46)	4,1 (40)	3,6 (47)
Spain	5,4 (10)	4,0 (41)	3,8 (44)
Sudan	3,2 (50)#	-	-
Sweden	5,3 (11)	5,0 (19)	4,7 (19)
Switzerland	5,5 (9)	5,8 (8)	5,5 (9)
Taiwan	-	6,2 (3)	-
Thailand	-	-	4,3 (34)
Togo	-	3,6 (49)	-
Tunisia	-	3,7 (47)	-
Turkey	4,2 (37)	-	-
Ukraine	-	-	4,3 (29)
United Arab Emirates	6,8 (1)*	7,2 (1)*	7,7 (1)*
United Kingdom	4,9 (20)	4,7 (25)	4,6 (22)
United States	5,3 (12)	5,2 (15)	4,8 (16)
Uruguay	4,3 (33)	4,5 (30)	4,4 (28)
Venezuela	-	3,2 (51)#	3,2 (48)

Figures in brackets represent ranking * best performing country and # the worst performing country.

Countries with no figures did not participate in the NES survey for that specific year.

Most countries participating in the NES between 2021 and 2023 reported minor changes in their National Entrepreneurial Context Index (NECI), but some saw significant variations. Countries with declining entrepreneurial ecosystems include Colombia, Israel, Spain, and the USA. Colombia's NECI fell from 4,7 in 2021 to 4,1 in 2023 due to economic challenges like high inflation and currency depreciation. Israel saw a sharp drop from 5.5 to 4,1 between 2022 and 2023, mainly due to political conflict and war[100]. Spain's NECI decreased from 5,4 in 2021 to 3,8 in 2023, influenced by poor economic growth, high inflation, and rising energy costs. The USA also saw a decline from 5,3 in 2021 to 4,8 in 2023, partly due to reduced consumer purchasing power and tighter monetary policy.

On the other hand, India and Oman showed notable improvements. India's NECI rose from 5 in 2021 to 6,6 in 2023, driven by government reforms, digitalisation, and a large young population[101]. Oman's score increased from 4,1 in 2021 to 5,4 in 2023, supported by political stability, economic diversification, and investor-friendly regulations[102].

South Africa remained consistently low, with NECI scores ranging from 4,1 in 2022 to 3.6 in 2023, ranking just above Venezuela and Iran. This consistent low ranking highlights ongoing challenges in its entrepreneurial ecosystem.

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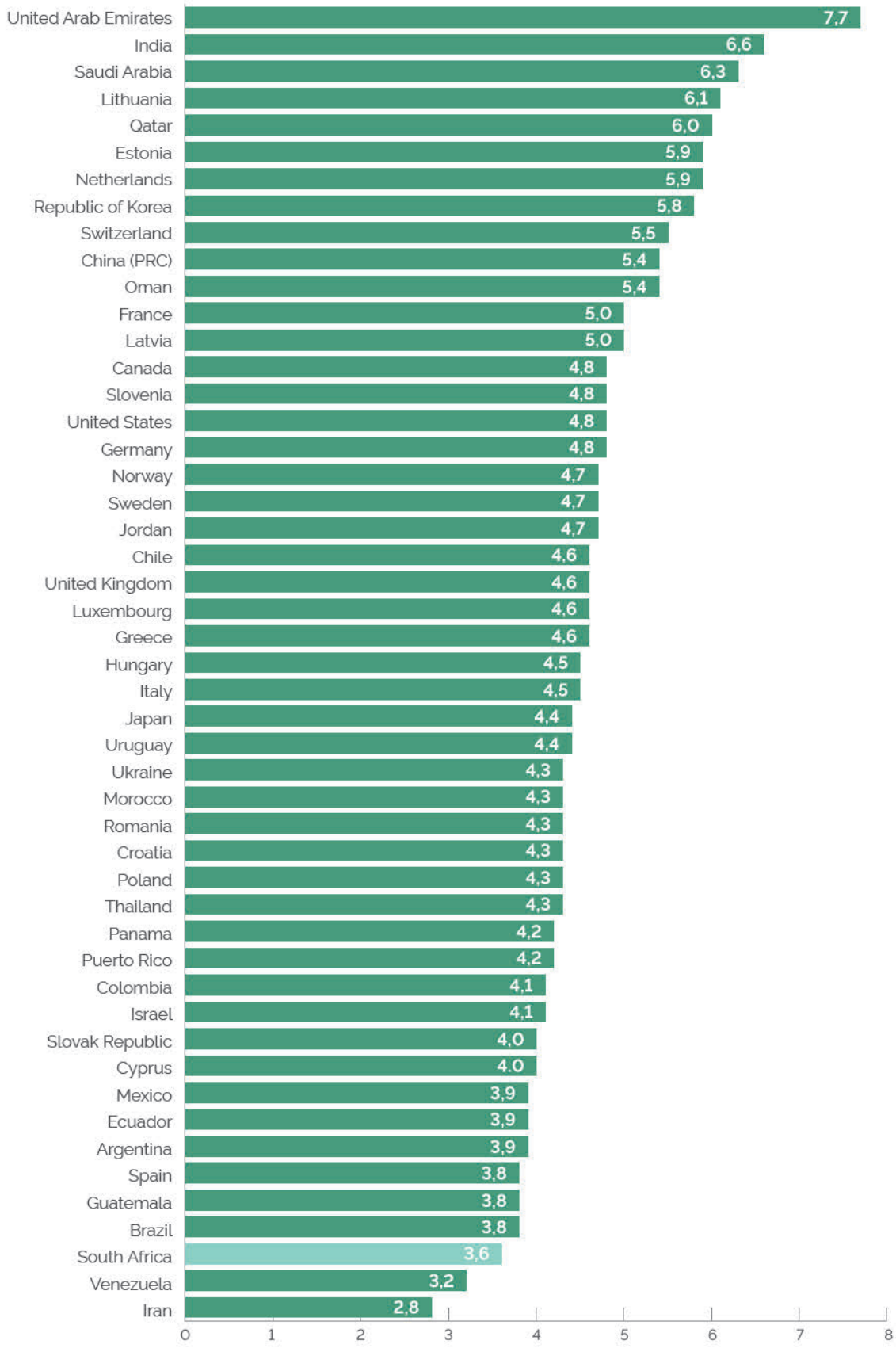
[100] Burke, J. (2024, January 25). 'It's going to be tough': The impact of war on Israeli lives and businesses. *The Guardian*. https://www.theguardian.com/world/2024/jan/25/its-going-to-be-tough-the-impact-of-war-on-israeli-lives-and-businesses

[101] TechnoVedas. (2023). *5 reasons Why This Is India's Century*. https://www.linkedin.com/pulse/5-reasons-why-indias-century-techovedas

[102] Al Khalili, Al Ghailani & Co. (2022). *Oman: Promoting Business Through the Lens of Development – The Legal 500*. https://www.legal500.com/doing-business-in/oman-promoting-business-through-the-lens-of-development/

Figure 6.5: *National Entrepreneurial Context Index (NECI) 2023*



An adaptable and supportive entrepreneurial ecosystem is essential for fostering business startups, growth, and sustainability, driving economic and social progress. However, recent NES findings reveal that South Africa's ecosystem is inadequate and requires urgent revitalisation. Key framework conditions such as government programs, entrepreneurial education, financial access, and market support need immediate attention, while



Hello Beautiful

I have always believed in magic — and now, I have the wand."

Business Beginnings — Lynell van Heerden

My motivation to start my own business (beauty market sector) was predicated on my being unemployed at the time. Thus, this situation became a catalyst for me in the form of being inspired by the fact that the beauty sector appears to be a booming industry. As a women-owned private enterprise, I felt the beauty business would be a good fit for me, as it also appealed to my interest in glamour. Hence, I was determined to offer a natural beauty alternative to fillers, surgery, and other expensive treatment protocols. Being aware that I was in need of some specialised training, I completed a skin anatomy course, a Profosma Jet Plasma course, and a programme devoted to acrylic nails. Since I was already aware that many people seem to be insecure when it comes to their appearance, I intentionally developed the name "Hello Beautiful" for my business venture. In my personal opinion, all my clients are beautiful, but sometimes, we all need to restore our natural beauty through natural cosmetic ingredients. Therefore, after completing my professional training courses, I began my business in August 2024 and offered free skin analysis consultations and special treatment prices to advance my services. Overall, I want my clients to feel like they are being treated in a personal way.

Financing

My mother, Lydia, was very supportive of my entrepreneurial venture, as she recognised the potential of such an enterprise. Thus, her belief in me also prompted me to have more self-confidence in what I set out to accomplish. She helped me finance my training and purchased the Profosma Jet Plasma machine called the magic wand. Next, she also assisted me in sourcing my salon equipment and, therefore, helped me both financially and emotionally to start my business with a positive outlook. Currently, almost all my profits are reinvested in the business so as to continue business growth.

Networking

My marketing strategy was to utilise various social media platforms, while my friend, Marizelle Campher, who has such a creative mindset, offered to contribute her expertise. Thus, with the valuable assistance of my friend, I began advertising my services to both men and women. To date, Marizelle has significantly boosted my social media presence and brand by downloading various attractive beauty treatment outcomes that we posted on social media sites. Moreover, I joined an interesting support group that included others who offered the same or similar services using the Profosma Jet Plasma treatment. This professional platform allowed me to share some of my results with others in order to further promote my services and share how the treatment process works.

Location

While searching for an appropriate location for my business enterprise, I came across an ad — Spa and Wellness retreat in Bedfordview, which provided a venue for me to start my brand. I would also like to mention Rizwana and Kerry from Rustic Elegance, who also helped support my brand. In short, together, we support and promote each other's brands. Currently, I am doing all the treatments; however, after expanding, I will definitely hire some other well-trained professionals who will enable me to further grow my brand.

Challenges

The most profound challenge I had was to acquire clients, while, in the meantime, I was frequently stressed by having to meet my overhead costs. This experience has, nonetheless, given me the benefit of acquiring more patience, faith, and strength to continue, regardless of the challenges.

Personal Background

Previously, I worked in a corporate environment at the University of Johannesburg for about seven years. I also acquired my degree in Public Management and Governance. After working in this area for seven years, I began to have some health issues that were related to stress, which included multiple seizures. I later discovered that I had a cyst on the left frontal lobe of my brain; thus, I had to make a choice between my health and my job. Fortunately, Professor Christelle Auriacombe inspired me to overcome many of my obstacles as a woman and a creative achiever. In short, I owe a great deal to Professor Christelle Auriacombe, my friend Marizelle Campher, and, lastly, my mother, as they have consistently supported all my personal and business-related objectives.

Inspirational Advice and Future Goals

Before you start a business, have a clear vision and goals for what you want to accomplish. Search out people who will support and encourage you in your venture, and keep a positive attitude and focus on your goals. I, for one, would love to achieve sufficient status in the industry whereby I can offer franchises because, at the end of the day, it is about reaching more people and being able to tell them, "**Hello Beautiful — Because you are!"**

You can reach out to Lynell at:
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hellobeautifulnaturally
@hellobeautiful_beauty

long-term improvements are needed in infrastructure, legislation, and entrepreneurial culture. Experts emphasise addressing unemployment, promoting entrepreneurship education, and improving the economic climate to strengthen the ecosystem. South Africa scores low in financing, resource availability, and support for women entrepreneurs, ranking poorly in global comparisons. Persistent socio-political issues and economic challenges further hinder entrepreneurial development.

6.4 Government entrepreneurship support agencies

Governments directly influence a country's economic policy and regulatory frameworks and indirectly influence its national and regional entrepreneurship activity trends. Governments are, however, not the only role player. The private sector, the education sector, incubators, and other support services, financiers, and entrepreneurs themselves collectively influence the shape and vitality of the national entrepreneurial ecosystem.

In the 2023 APS survey, all respondents were asked about knowing the names of any government initiatives that have been set up to assist small business development. As shown in Figures 6.6 and 6.7, 13,8% knew of one or more government initiative or agency that currently exists. From those who said they knew the names of government agencies, 13,3% were African and 18,4% White. More men (15,0%) than women (12,7%) were aware of these government agencies.

Figure 6.6: *Know the names of any government agencies or programs that have been set up to assist small business development (Adult Population) 2023*



Figure 6.7: *Know the names of any government agencies or programs that have been set up to assist small business development by gender and race (Adult Population) 2023*

Gender		Race			
Men	Women	African	Coloured	Indian	White
15,0%	12,7%	13,3%*	11,6%	17,2%	19,4%

*Read as 13,3% of African respondents indicated that they knew the names of any government agencies or programs that have been set up to assist small business development.

Table 6.4: *Know the names of any government agencies or programs that have been set up to assist small business development by province (Adult Population) 2023*

Gauteng	Eastern Cape	Western Cape	Northern Cape	Kwazulu Natal	Free State	Mpumalanga	Limpopo	North West
16,7%*	9,0%	7,5%	21,0%	10,9%	26,1%	21,1%	15,0%	9,3%

*Read as 16,7% of the adult population in Gauteng indicated they knew the names of any government agencies or programs that have been set up to assist small business development.

Government agencies are best known in the Free State (26.1%), Mpumalanga (21.1%), and the Northen Cape (21,0%), and least known in the Western Cape (7,5%), the Eastern Cape (9,0%) and the North West provinces.

Table 6.5: *The perceived effectiveness of government agencies or programs as rated by those that engaged with these agencies, by province and national (Adult Population) 2023 (%)*

Effectiveness of government agencies or programs 2023 (somewhat to very effective)	Gauteng	Eastern Cape	Western Cape	Northern Cape	KwaZulu Natal	Free State	Mpumalanga	Limpopo Province	North West	National
National Youth Development Agency (NYDA)	34,3*	37,5	55,6	14,3	33,3	50,0	45,8	31,3	22,2	38,2
Small Enterprise Finance Agency (Sefa)	52,1	33,3	50,0	16,7	44,4	52,6	40,0	60,0	28,6	46,5
Small Enterprise Development Agency (Seda)	49,1	75,0	53,8	16,7	42,9	65,4	47,4	33,3	38,5	49,3
Industrial Development Corporation (IDC)	54,1	50,0	20,0	-	40,0	71,4	12,5	25,0	-	41,5
Technology and Innovation Agency (TIA)	50,0	50,0	66,7	-	0,0	30,8	28,6	-	-	38,1
National Empowerment Fund (NEF)	35,1	50,0	69,2	-	10,0	56,3	44,4	33,3	-	38,7
Department of Trade and Industry (DTI)	51,0	40,0	61,5	16,7	22,2	82,4	33,3	63,6	25,0	49,7
Department of Economic Development and Tourism (DEDAT)	38,5	62,5	53,3	-	56,3	50,0	57,1	37,5	-	44,31

*Read as 34,3% of the adult population in Gauteng that had engaged with the NYDA indicated that what they offer is somewhat to very effective.

Note: The number of respondents that had engaged across these agencies is **1 066** nationally, out of a total APS sample of **3038**.

Table 6.6: *The relevance and accessibility of Seda programs as rated by those that received support from Seda, by province (Adult Population) 2023 (%)*

	Gauteng	Eastern Cape	Western Cape	Northern Cape	KwaZulu Natal	Free State	Mpumalanga	Limpopo	North West
Relevance of the Seda programs and offerings (relevant to very relevant)	70,7	90,0	83,3	50,0	28,6	77,3	33,3	30,8	0,0
Accessibility (easy to enrol or participate) of the Seda programs (accessible to very accessible)	56,1*	100,0	63,6	66,7	40,0	64,3	36,8	43,8	30,8

*Read as 56,1% of the adult population in Gauteng that had received support from Seda indicated that it was easy to enrol and participate.

Note: The number of respondents that had received support from Seda is **176**, out of a total APS sample of **3038**.

Table 6.7: *Preferences going forward for how to receive government support for entrepreneurship, by province and national (Adult Population) 2023 (%)*

	Gauteng	Eastern Cape	Western Cape	Northern Cape	KwaZulu-Natal	Free State	Mpumalanga	Limpopo	North West	National
Face-to-face	60.6*	85.5	79.7	88.9	74.0	50.0	66.2	83.8	79.3	72.4
Virtual Consultation	13.0	4.7	5.0	4.8	6.2	16.4	5.2	3.0	1.6%	7.4
Telephonically (call centres)	10.5	3.3	8.2	1.6	9.7	19.1	18.6	7.9	7.1	9.6%
Electronically (website, apps)	14.2	6.0	7.1	4.8	8.6	14.5	8.2	5.3	12.0	9.6
Other	1.7	0.5	0.0	0.0	1.6	0.0	1.7	0.0	0.0	0.9

*Read as 60,6% of the adult population in Gauteng would prefer face-to-face government support for entrepreneurship. Nationally, this is 72,4%.

6.5 Implications and recommendations for future policy direction

6.5.1 Enabling environment

Enhance Infrastructure Development:

Address decaying infrastructure, such as unreliable power, poor roads, and limited water supply, to create a supportive business environment.

Invest in spatial planning to address climate change and ensure sustainable development across both urban and rural areas.

Promote Collaboration Among Stakeholders:

Foster partnerships between local governments, private sectors, non-profits, and communities to integrate resources and expertise, enhancing local business growth.

Encourage coordination between government departments and stakeholders to prevent redundancy and promote synergy in fostering entrepreneurship.

Support Human Resource Development:

Focus on building a skilled workforce through education and training, particularly in entrepreneurship, to address high unemployment rates.

Develop flexible labour policies to encourage job creation and entrepreneurship.

Encourage Safe and Secure Environments:

Improve crime prevention and reduce corruption to create secure environments, which are critical for sustainable economic growth.

Promote Local Leadership:

Ensure political stability and effective leadership at the local level to drive developmental governance and economic progress.

Facilitate Access to Opportunities:

Improve market access, transport, and digital infrastructure, and provide resources such as land and finance to increase economic opportunities.

6.5.2 National Entrepreneurial Context Index (NECI)

Revitalise Government Programs:

Strengthen government entrepreneurial programs by making them more accessible and impactful for both startups and established businesses.

Improve Entrepreneurial Education:

Enhance entrepreneurial education at both school and post-school levels to build a strong foundation for future entrepreneurs.

Address gender disparities in access to resources and support, especially for women entrepreneurs.

Increase Access to Finance:

Expand financial access for startups and small businesses by addressing current funding gaps and improving ease of financing.

Address Regulatory Barriers:

Simplify regulations and reduce bureaucracy to create a more business-friendly environment, particularly in easing market entry and compliance.

Promote Long-Term Infrastructure and Legislative Reforms:

Implement legislative adjustments and infrastructural improvements, including modernising technology and legal frameworks, to foster a resilient entrepreneurial ecosystem.

Focus on Innovation and R&D:

Boost research and development (R&D) efforts, enabling innovation that can be commercialised, and ensure better integration of R&D into the entrepreneurial ecosystem.



The African Beauty Bar

Providing the essence of grace, beauty and poise in the tradition of Cleopatra

How it all began: Cleopatra Mmakgwetele Hlapolosa

As a black women-owned entrepreneur, I decided to utilise my combined academic and self-developed background in cosmetics, dance, law and education to pursue a long-held desire to establish a sound business. Thus, I began my journey of combining my background in dance, personal care, and beauty treatments. My first step was to conduct a formal SWOT analysis, especially to determine my strengths, which included my experiences in dance, where I learned how to properly apply cosmetics for performances. Additionally, I completed a comprehensive course with Alison, which is a makeup artistry programme designed for creative and business-oriented professionals. Upon completion of this professional course, I started my company, African Beauty Bar, which specialises in enhancing one's natural internal and external beauty. We also provide facials, waxing, threading, and services for brides and fashion shoots, as well as offering wonderful makeup lessons for those interested in learning the art of applying various cosmetics for diverse occasions. Moreover, I also give talks to empower others and offer them the tools to build self-esteem. To think, my company only began operations last year (2023) and has been expanding its services ever since.

Funding

Most of my business is self-funded, along with some financial assistance provided by my partner and family. All the startup funds were distributed to purchase new products, advertising, and accessories for the business.

The Business

Our business is predicated on providing professional beauty treatments, advice, makeup lessons, and expert consultations. As a sole proprietor, I am responsible for how the profits are distributed and utilised to provide for future growth. Accordingly, I generally use the profits to reinvest in the company in an effort to expand our services for clients and meet the needs of our community. Overall, most of our profits are generated through our extreme efforts to offer the very best in beauty and skin treatments, as well as providing beauty tips and evaluations. I also supplement the beauty treatment services by offering African apparel and accessories. Ultimately, my number one goal is to become the prime location destination for beauty treatments in Johannesburg, South Africa. This objective has stimulated the growth of our clients and has, in turn, produced increasing profits for our beauty salon.

Networking and Strategies

I frequently attend networking events in my area, which provide opportunities for collaborating with other professionals and meeting new people. My other networking efforts are focused on emails and Facebook, as well as contacting potential clients whom I have never met. I would also incorporate word-of-mouth as being one of my primary networking components, as my clients often refer their friends and family to take advantage of our services. Additionally, my speaking engagements also attract attention to our beauty services, which assist in building our brand.

Challenges

The challenges I have faced as a women entrepreneur include the fact that we live in a patriarchal society, which translates into some people not wanting to promote or utilise services provided by women. This means that, as a women business owner, I must work extremely hard to overcome certain stereotypes that are still prevalent in our society. Another challenge was acquiring the initial capital to start my business venture. As previously stated, my business is mostly self-funded, which means I had difficulty in the beginning, as I also had to have a certain amount of disposable income while building the business.

Future and Advice

My future business plans are to continue to build my brand and eventually purchase a boutique and market products on an international scale. Additionally, since I am a devotee and practitioner of the creative artistry of dance, I also plan to open a dance studio and provide dance lessons to passionate students. Also, as a person who is always striving to expand my accomplishments, I would like to participate as a judge at international dance competitions.

"Always remember why you started your business; challenges will be there, but your driving force will motivate you to keep going."

You can contact Cleopatra at:
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GEM Global Entrepreneurship Monitor

REPORT
2023/2024

SHAPING ENTREPRENEURSHIP
DEVELOPMENT THROUGH
POLICY DIRECTION