

**POLICY ECOSYSTEM FOR
WOMEN'S ENTREPRENEURSHIP**



South Africa

Barriers, Support Mechanisms & Policy Actions



GRAÇA MACHEL TRUST

Introduction

South African women-owned businesses (WOBs) face sustainability challenges that lead to higher exit rates among female entrepreneurs than their male counterparts. The gender gap between men and women entrepreneurs widens as businesses mature, with men owning nearly twice as many **established businesses as women: 7.9% compared to 4.1%** (Radebe & Smith, 2023). This underscores the need for stronger business support to help women scale start-ups and ensure long-term success. A lack of tailored business support for women in South Africa limits their potential to drive economic growth and job creation (Radebe & Smith, 2023). This is particularly concerning given that support for women entrepreneurs leads to greater investment in the welfare of their families and communities, particularly in health and education. Moreover, the **participation of young women in entrepreneurship is low at 11.3%, despite 50% of youth in South Africa being unemployed**. This highlights the urgent need to expose young women to entrepreneurship as a viable career option from an early age (Meyer et al., 2024).

Women entrepreneurs in South Africa face significant challenges, including operating in the informal sector and low-profit industries with little support. They earn less than their male counterparts and encounter gendered discrimination, which limits their full participation and impact in entrepreneurship (Derera & Mensah, 2023). Women entrepreneurs face unequal access to resources such as funding, training and mentorship, along with an unfavourable entrepreneurial environment, including limited public procurement opportunities and a burdensome regulatory framework. In addition, there is a lack of support to help women balance family and business responsibilities, such as maternity leave, child welfare and early childhood education (Radebe & Smith, 2023; Meyer et al., 2024).

Entrepreneurship ecosystems are complex, and they are shaped by various stakeholders, laws, regulations, and both formal and informal institutions. According to the **Mastercard Index of Women Entrepreneurs**, South Africa achieved a score of **54.9, ranking second highest in Africa** for both the proportion of women-owned businesses and the level of formal support available to female entrepreneurs, just behind **Botswana** which leads with a **score of 56.3**, indicating progress in reducing marginalisation and increasing women's participation in the workforce as business leaders, professionals, and entrepreneurs (22 On Sloane, 2024).

GENDER INEQUALITY



7.9% men

4.1% women

gender gap between entrepreneurs widens as businesses mature.

FEMALE ENTREPRENEURSHIP



11.3%

young women participation in entrepreneurship is low, despite 50% of youth in South Africa being unemployed

MASTERCARD INDEX OF WOMEN ENTREPRENEURS



54.9

ranking second highest in Africa

South Africa vs Botswana
56.3



Key Messages

- South African women entrepreneurs face high exit rates, and stronger support is needed to foster sustainability and economic growth. There is a gender gap in established businesses, with men owning nearly twice as many businesses as women.
- Women entrepreneurs are primarily engaged in the informal sector, including crafts, retail and hawking.
- Women entrepreneurs in South Africa face substantial barriers, including limited access to finance, low profitability, gender bias, inadequate training, low exposure to entrepreneurship among young women, lack of networks and mentorship, and high regulatory burdens, particularly in rural areas and male-dominated industries. These challenges often lead to high exit rates from entrepreneurship.
- South Africa's women's entrepreneurship policy ecosystem includes key frameworks such as the National Policy for Gender Equality, Small Business Development Act, B-BBEE (Broad-Based Black Economic empowerment), NDP (National Development Plan) 2030 and the Women's Economic Empowerment and Gender Equality Bill.
- However, gaps in funding, training and policy implementation hinder women's entrepreneurial growth.
- Public-private collaboration is needed to foster stronger partnerships between government, the private sector and civil society to drive inclusive policy design and delivery.
- Support mechanisms for women entrepreneurs in South Africa include financial assistance, mentorship programmes, policy implementation, family-friendly policies and tailored education. These initiatives aim to address barriers, enhance skills and foster a supportive business environment.

Against this backdrop, the Women Creating Wealth – Intergenerational Edition (WCW-I) project, part of the broader Graca Machel Trust (GMT) initiative, is dedicated to gender-transformative enterprise development across several African countries, including Malawi, Zambia, Tanzania, South Africa, Senegal and Kenya.

This policy brief examines South Africa as a case study to inform evidence-based policies that support women entrepreneurs and foster economic growth, gender equality and social development. It assesses national, regional (SADC – Southern African Development Community and COMESA – Common Market for Eastern and Southern Africa) and African Union (AU) policies, regulations and programmes to identify gaps and recommend improvements. The study analysed barriers women face and evaluated support mechanisms to highlight best practices. This brief presents findings from document analysis, policy mapping and key informant interviews (KIIs) with women entrepreneurs conducted in South Africa.

Women's Entrepreneurship Policy Ecosystem in South Africa

The policy framework for women's entrepreneurship in South Africa includes various government initiatives and programmes designed to support and develop women entrepreneurs. These policies aim to address barriers and provide the necessary resources for women to succeed in their entrepreneurial endeavours. Key identified policies include the following:

South Africa's National Policy Framework for Women's Empowerment and Gender Equality: This framework outlines South Africa's vision for gender equality and the steps needed to realise this ideal. The policy emphasises the integration of gender equality principles across all sectors.

Small Business Development Act: This act provides for the establishment of a supportive environment for small businesses, including women-owned enterprises.

B-BBEE: B-BBEE policies aim to enhance the economic participation of black women in the South African economy through ownership, management and skills development.

NDP 2030: The NDP includes specific goals for increasing the number of women entrepreneurs and improving their access to resources and markets.





Policy Gaps

- **Insufficient funding:** The current funding mechanisms are inadequate to meet the needs of women entrepreneurs, especially in rural areas.
- **Limited access to education and training:** More comprehensive and accessible training programmes are required to equip women with the necessary business skills.
- **Gender bias in policy implementation:** Policies need to be more effectively implemented to ensure gender equality in the entrepreneurial space.
- **Support for balancing family and business:** There is a need for policies that support women in balancing their family responsibilities with their business activities.
- **Addressing high unemployment rates:** Specific interventions are needed to address the high unemployment rates among women, particularly black African women.
- **Complex compliance requirements:** Compliance requirements could be simplified to make it easier for women entrepreneurs to enter and participate in high-income markets.
- **Knowledge and information:** Access to business knowledge and market information could be enhanced to help women entrepreneurs identify and capitalise on opportunities.
- **Affordability and accessibility of networking structures:** Affordable and accessible networking structures could be developed to ensure that women entrepreneurs, particularly in rural and semi-urban areas, can benefit from mentorship and resources.

Women's Entrepreneurship Challenges and Barriers In South Africa

THE FINDINGS FROM THIS POLICY ECOSYSTEM STUDY IDENTIFY THE FOLLOWING CHALLENGES AND BARRIERS THAT LIMIT WOMEN'S ABILITY TO START AND GROW THEIR BUSINESSES:

ACCESS TO FINANCE AND FUNDING

Women entrepreneurs often struggle to secure financing, particularly in rural areas where financial institutions are less accessible. Many women resort to informal sources for funds. For example, BeeCee Honey and Township Green in the beekeeping and solar energy sectors both face challenges in obtaining sufficient capital for expansion. In the agriculture sector, women traders who sell maize face barriers to accessing credit from formal banks. They often rely on village banks with more favourable terms for credit, but for credit that is still insufficient to scale operations.

GENDER BIAS AND SOCIETAL BARRIERS

Gender stereotypes and a male-dominated business environment restrict women's opportunities for growth and leadership. In sectors such as tourism and travel, women face high barriers to entry due to societal expectations and biases that limit their ability to access key contracts or lead companies. In mining, women face challenges because the industry is male dominated. They often need the support of male partners or husbands to navigate tough business conditions, which further restricts their independence and opportunities.

NETWORKING AND ROLE MODELS

Women in rural areas or male-dominated industries such as beekeeping, solar energy and agriculture have limited access to professional networks and role models that are crucial for growth and business development. In hardware and manufacturing, women entrepreneurs struggle to gain exposure to mentors or industry leaders who could provide advice and strategic direction. Without these networks, it becomes difficult for women to access markets, investors and industry opportunities.

LACK OF TRAINING AND BUSINESS SKILLS

Many women lack access to essential business training, such as financial management, marketing and strategic planning. This gap in skills particularly affects women in industries such as small-scale farming and construction and manufacturing. For example, rural women in the building and construction industry are unable to scale their operations because they lack knowledge on how to efficiently manage cash flow, access markets or invest in costly machinery such as concrete block machines. This limits their ability to meet growing demands in rural areas.

BALANCING FAMILY AND BUSINESS

Women entrepreneurs often face challenges in balancing family responsibilities with running a business, which can hinder their ability to scale. In sectors such as farming and construction, women struggle with managing both family duties and the demands of business growth. For example, women in the agriculture sector who trade grains often experience difficulty in maintaining their business operations while meeting domestic responsibilities. This limits their potential for growth. A lack of family-friendly policies, such as maternity leave or childcare support, exacerbates this issue.

COMPLIANCE, REGULATORY BURDENS AND MARKET ENTRY

Complex regulatory requirements, high taxes and delayed payments pose significant barriers for women entrepreneurs trying to enter or scale in the market. In sectors such as agriculture, women traders face challenges from silo owners who control the storage and distribution of grains, and who sometimes bypass women traders in favour of direct contracts with foreign buyers. In tourism, delays in government payments can lead to operational challenges and, in some cases, business closures. The high cost of joining international tourism associations further restricts access to global markets, making it harder for WOBs to compete globally. In the mining sector, women face regulatory and access barriers, especially when trying to secure mining rights or when navigating harsh working conditions. This leads many to drop out of the business.



Support Mechanisms that Facilitate Women's Entrepreneurship Development in South Africa

THE FOLLOWING SUPPORT MECHANISMS COULD SUPPORT WOMEN'S ENTREPRENEURSHIP IN SOUTH AFRICA.

ADDRESS FINANCIAL BARRIERS

Barriers to finance can be responded to by providing targeted government loans and grants with low-interest rates and minimal collateral, enhancing access to microfinance and village banks, and offering financial literacy training for better financial management. Initiatives such as the Small Enterprise Development Agency (SEDA) provide support and resources for women entrepreneurs. Specific programmes targeting rural women help to bridge the gap in access to support services.

ENHANCE POLICY IMPLEMENTATION AND AWARENESS

South Africa has progressive gender equality policies, but lacks effective implementation. This brief recommends improved promotion of these policies and providing mentorship, financial support and rigorous evaluation protocols. In Additionally, awareness should be raised, gender bias combatted and equal opportunities ensured in leadership and procurement roles. business registration should be streamlined, tax incentives provided and market entry barriers reduced, such as high fees and export restrictions, to support women entrepreneurs in scaling their ventures.

PROMOTE WOMEN MENTORSHIP PROGRAMMES, NETWORKS AND ASSOCIATIONS

Mentorship programmes, female-focused incubators and networking events can be established, while promoting successful women entrepreneurs to inspire others. Local governments and businesses should develop women-oriented networks and associations, fostering confidence and business growth through entrepreneurial groups led by successful women. Mentorship could expose young women from a young age, contributing to their future entrepreneurial intentions and fostering business aspirations. Organisations such as Women's Business Network and GMT offer mentorship and networking opportunities. These organisations can play a crucial role in developing and supporting rural women entrepreneurs by providing tailored support.

IMPLEMENT FAMILY-FRIENDLY POLICIES

Policies such as maternity leave, flexible work hours and childcare support should be implemented to help women balance business and family responsibilities. This would foster a supportive environment for entrepreneurship.

ENTREPRENEURSHIP EDUCATION AND INDUSTRY-SPECIFIC TRAINING

Industry-specific training in financial management, marketing and strategic planning should be offered and entrepreneurship courses should be integrated into school curricula for young women. Affordable online platforms should be created to equip women with essential skills to start, grow and manage businesses effectively.

PRIVATE SECTOR INVOLVEMENT

Government develops policies that expect private-sector implementation, but responses vary. Some corporations engage in enterprise development (for example, ABSA bank, Nestlé) while others remain non-responsive. Efforts are ongoing to integrate private-sector contributions into women's economic development strategies.



Best Practices

The WCW-I programme is successfully developing and supporting women entrepreneurs. GMT is actively gathering data to identify barriers that hinder women entrepreneurs. Organising women into groups and forming cooperatives enables them to approach the government collectively rather than individually. Women working in groups can better overcome challenges they face and the establishment of labour laws that protect women helps level the playing field.

BeeCee Honey's success illustrates several key points:

- **Resilience:** The company's determination to enter the European Union market despite policy barriers highlights the resolve of women entrepreneurs.
- **Innovation:** By leveraging its aggregator model, BeeCee Honey creates shared value for small-scale beekeepers and global consumers.
- **Advocacy:** For example, the chairperson of SABIO (South African Bee Industry Organisation) champions women's representation and policy reforms that benefit the broader industry.

The Way Forward

Women entrepreneurs in South Africa play a crucial role in the economy, and yet they face significant barriers that need to be addressed. To advance women's equitable economic participation, it is vital to implement comprehensive support mechanisms, including enhanced access to finance, gender-sensitive policies and mentorship programmes. Encouraging mentorship from an early age can help to cultivate entrepreneurial aspirations in young women. In addition, addressing barriers such as gender bias and providing tailored business training would support women in navigating male-dominated industries. Collaborative efforts between government, the private sector and communities should focus on reducing regulatory burdens, offering affordable childcare and ensuring equal access to markets. There is a need to enhance public-private collaboration to foster stronger partnerships among government, the private sector, and civil society, driving inclusive policy design and delivery. By closing existing gaps, especially for women in rural areas, South Africa create a more inclusive entrepreneurial environment that fosters economic and social empowerment. Addressing high unemployment rates, particularly among black African women, is crucial to inclusive growth. Continued efforts to enhance the effective implementation of existing frameworks ensure that women entrepreneurs are given equal opportunities to succeed, which contributes significantly to local communities and broader economic growth.



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