

Landscape of women-owned  
and managed businesses  
in South Africa

2023



PUBLIC INVESTMENT  
CORPORATION®  
Est. 1911

Prepared by Research & Innovation, ESG divisions



# Executive Summary

## Numbers at a glance

- **In South Africa, women-owned businesses account for 21.9% of total businesses**, slightly below the global average of 22.5%. The percentage of women-owned businesses differs widely depending on the sector of operation and the size of the business. For large businesses, women ownership in some sectors (agriculture and properties) is below 5% and above 15% for sectors like transport and construction.
- **The BEE Commission sector targets for large black-owned women businesses are 10% for most sectors**, except for media & communication (30%) and tourism (15%).
- **In South Africa, women make up 29.0% of top management**, marginally above the global average of 28.7%. While there has been progress over the years, this figure is still low. At a sector level, women account for a larger (>30%) share of top management in education, health and accommodation & food. However, they account for less than 20% of top management in manufacturing, mining and construction sectors.
- **Globally, only 19.7% (average) of board seats held by women, 2.8 percentage points higher than in 2019**. South Africa ranks 8th with average board composition of 31.8% being women. Only 7.2% of listed companies had female CEOs and 25.9% had female CFOs.
- **PIC's unlisted portfolio shows that only 19% of investee boards comprise ≥50% of women**. 56% of Unlisted investee Boards comprises of less than 30% women.

## How PIC intends to drive gender diversity in its investments

**(1)** Leverage off venture capital women funds for follow-on funding, **(2)** set up a women fund **(3)** PIC to include gender lens investing as part of investment strategy **(4)** create awareness of PIC funding opportunities through marketing, **(5)** host bi-annual breakfast/luncheon targeted at female businesses owners across different sectors. Driving women inclusion in existing investee companies through **(6)** putting in place quotas requiring a certain percentage of women on boards/executive over certain timeframes. **(7)** Hold organizations accountable to transparent, consistent metrics that are clear indicators of effective leadership. **(8)** Initiate asset management academy for talent pool.

## Way forward

As the PIC sets its own targets for women-owned and managed businesses, we **consider the current participation of women in the economy** and factor into account differences in women participation across different sectors. Given the slow pace of transformation and the inclusion of women in the economy, **it is the imperative of the PIC to change the current trajectory**. PIC aims to accelerate the participation of women in leadership and in business by supporting companies that take transformation seriously. It is not only about achieving certain numbers or targets, but it is mostly about adopting the right mindset about how to evolve corporate culture. We should not see gender diversity as simply a regulatory imperative but rather as a business priority. Gender diversity is linked to value creation and the success of the business.

# Table of Contents

Presentation contents		Slide number
1.	Women-owned businesses in South Africa (SA)	4
2.	Women in executive management in SA	13
3.	How does PIC compare? Unlisted investments	19
4.	Conclusion and key takeaways	23
5.	PIC Disclaimer	24

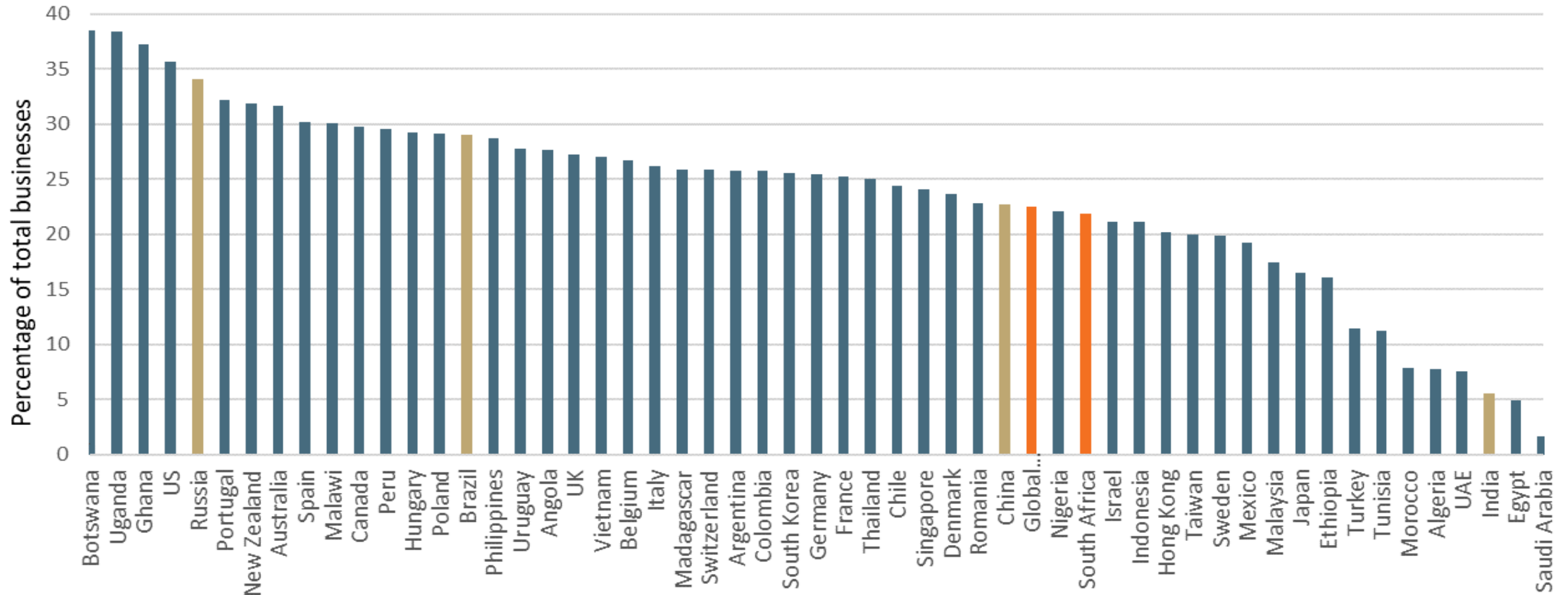
# Women-owned businesses in SA



# Global perspective on women-owned business

## Percentage of total businesses

**Globally, women-owned businesses accounted for 22.5% of all businesses.** In the top three are Botswana (38.5%), Uganda (38.4%) and Ghana (37.2%). South Africa ranks 44<sup>th</sup> in the world, with 21.9% of total businesses owned by women. When looking at BRICS countries, South Africa trails behind Russia, Brazil and China.



# What are the leading countries getting right

## They are intentional about growing women businesses



### US: Strong entrepreneurial framework underpinned by

- availability of venture capital
- SME operational financing
- positive cultural and social norms towards entrepreneurs

### Access to women regional networks such as

- Providing Opportunities for Women's Economic Rise (POWER),
- Women Tech Founders
- The Next Women

### Vast availability of private equity and venture capital funding targeted at women. Examples include:

- **BBG Ventures Fund** invests in companies with at least one female founder.
- **Rethink Impact** is the largest US-based VC firm investing in companies with female CEO's and a technology element.



### Botswana: Ranks highly for women advancement outcomes. Attributed to factors such as

- women's tertiary enrolment being higher than men,
- access to SME financing
- strong aspirations towards entrepreneurship

### Access to women regional networks such as

- African Women Leaders Network
- Women in African Investments and Lioness of Africa

### Government initiatives enabling entrepreneurship

- The **Women's Economic Empowerment Fund** helps women obtain seed capital for projects in various sectors.
- **E-nnovation Youth Empowerment Programme**, largely aimed at entrepreneurs with a technology element.
- The **Young Farmers Fund**, aims to encourage young people to start agricultural businesses.



### Uganda: Ranks highly for government SME support and access for finance.

- Availability of private equity and venture capital funding includes:
- **Mango Fund** A women-led impact investment fund targeting the "missing middle".
- **The 97 Fund** is an open-end investment vehicle targeting investments with an ability to create jobs of the future, creating opportunities for women and youth.

### Uganda is one of only seven countries worldwide that has achieved gender parity in terms of the number of women driven to pursue entrepreneurial activities.

- **GLOW project** creates an enabling environment for women's enterprises by delivering a package of services that pairs finance with business development services.
- Psychology-based entrepreneurial trainings that focus on strengthening persistence, proactiveness, and innovation

### Uganda's female labor force participation rate is also high compared to other Sub-Saharan countries.

**Common themes: access to funding, strong entrepreneurship culture, networks for women, government support**

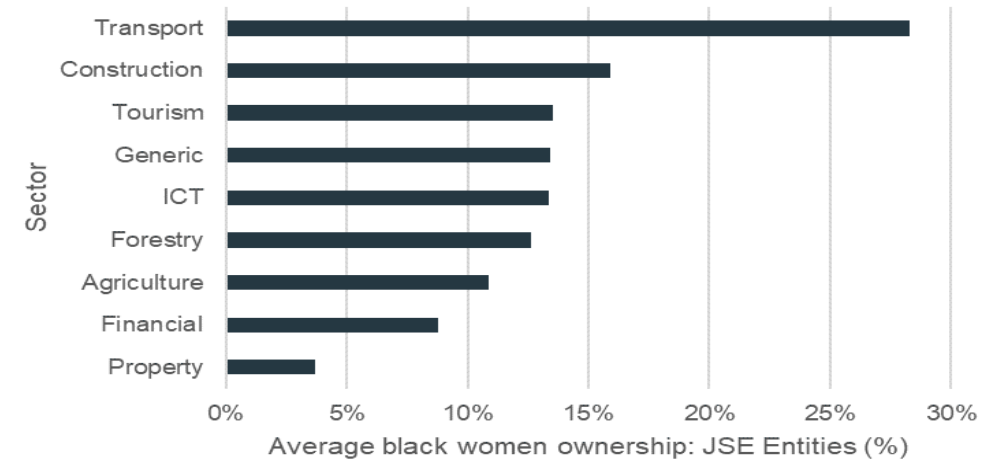
# SA black women owned businesses by sector

## Low ownership in agriculture and properties

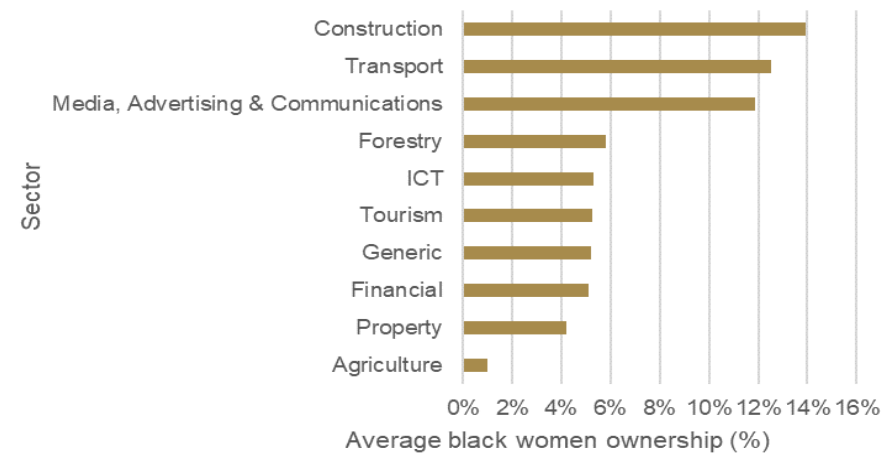
### Large entities: black women ownership, 2020

Sector	Ave black women ownership	Sector targets by BEE Commission
ICT	17%	10%
Media, advertising & Communication	17%	30%
Construction	16%	10%
Tourism	14%	15%
Transport	12%	10%
Generic	12%	10%
Property	11%	10%
Finance	10%	10%
Forestry	9%	10%
Agriculture	5%	10%

### JSE listed entities



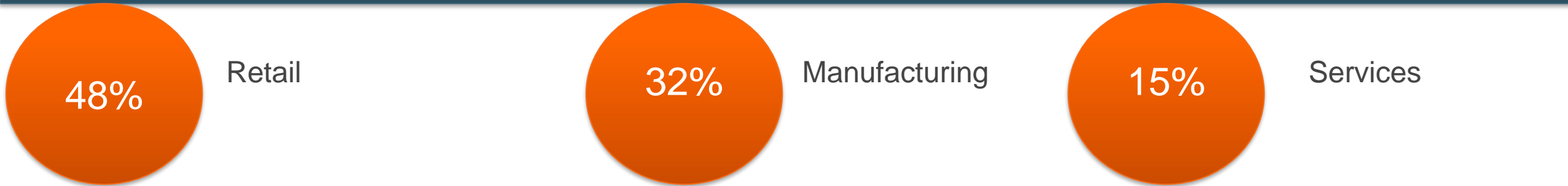
### Formal Small & Medium Entities



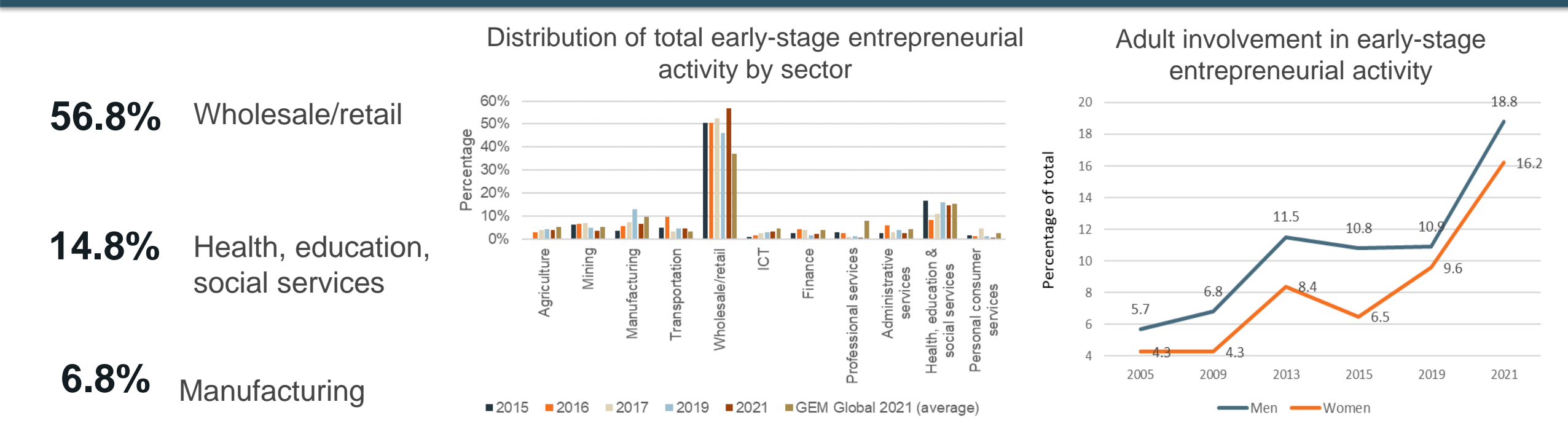
# Women involvement in early-stage entrepreneurship

## SA women are more involved in the retail and less so in finance and ICT

### Predominant sectors of operation for African (ex-SA) female entrepreneurs



### Predominant sectors of operation for South African female entrepreneurs





# Profile of entrepreneurs

## Characteristics of entrepreneurs



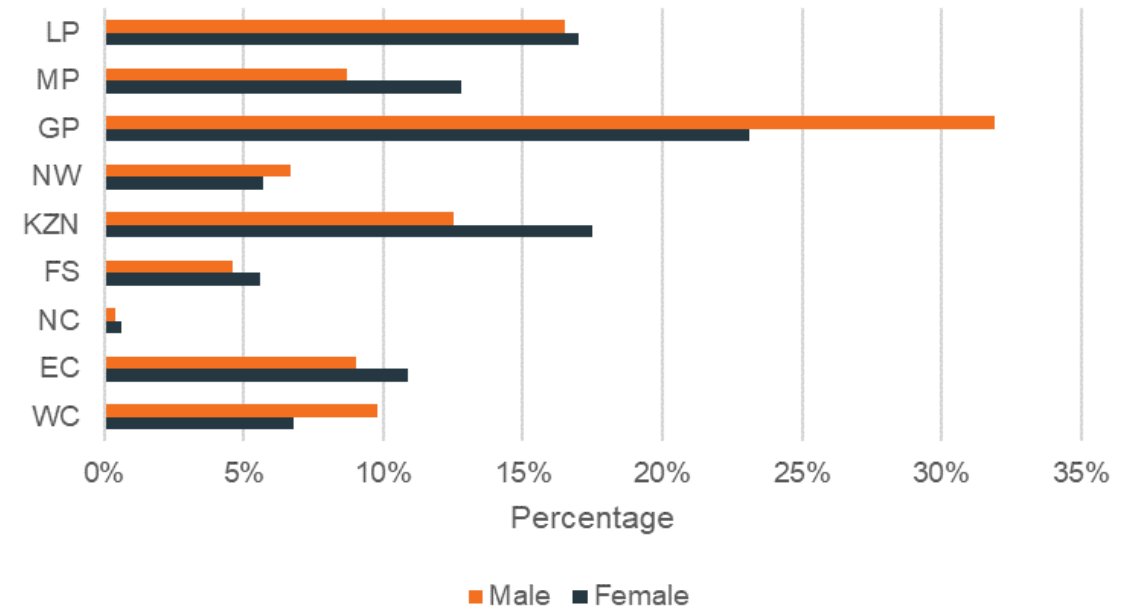
Female



Male

64%	Married or living with someone	66%
52-84%	Literate	72-95%
Average: 4 Median: 1	Number of female employees	Average: 1.5 Median: 0
16%	Owens space where business operates	26%
41%	Business has access to electricity	56%
35%	Took a loan for business purposes	34%

## Entrepreneurs running informal businesses by province



## Reasons for starting a business

Make a difference

78.6% Women

83.9% Men

Wealth & income

82.7% Women

83.8% Men

Family tradition

61.3% Women

65.0% Men

To earn a living

85.1% Women

84.3% Men

# Challenges faced by female entrepreneurs

## Factors holding back women's business performance

- Africa is a world leader in female entrepreneurship, with women making up more than 58% of entrepreneurs in Africa.
- Women-owned businesses in developing countries face many barriers in accessing finance which results in a \$1.5 trillion credit gap for women SMEs.
- Globally, female participation in entrepreneurial activities is higher in Sub-Saharan Africa with 1 in 4 women starting or managing a business.
- Women are more likely than men to become entrepreneurs however, they face the biggest entrepreneurial challenges including:

### Contextual constraints

- Male domination
- Social norms
- Risk of GBV

### Endowment constraints

- Education/skills
- Confidence risk/preferences
- Limited access to finance
- Lack of a support network

### Household level constraints

- Allocation of factors of production
- Time constraints/care

# Challenges faced by female entrepreneurs unpacked

## Contextual factors

### Male domination

- Firms in female dominated sectors are 56% smaller than those in male-dominated sectors.
- Women are more involved in the retail sector and hospitality industry than in the transport and construction sector.
- *Solution: Incentivizing women to venture into male-dominated sectors.*

### Social norms

- These exert influence over female entrepreneurs' strategic objectives and can limit their growth.
- For example, women performing the vast amount of housework which affects the amount of time they may have for their businesses.

## Endowments

### Lack of a support network

- Unlike men, women lack access to large and diverse social networks which enable the growth and competitiveness of businesses.
- Gender segregated networks limit economic opportunities for female entrepreneurs.
- *Solution: Expanding women's linkages to new business networks.*

### Confidence risk/preferences

- The lack of confidence may keep women from taking risks and venturing into male dominated industries.

### Limited access to finance

- Typical male owned business has 6 times the capital investment of female owned businesses.
- In SA, the gender gap in the level of capital investment is at 50%. Female entrepreneurs have lower capital including equipment, inventory and property.
- *Solution: Injecting capital grants for female-led businesses.*

## Household level constraints

### Allocation of factors of production

- A lack of authority over the allocation of household assets with many women facing more pressure to share resources.
- The lack of control over the allocation of household resources contributes to a lack of inefficiency in women-led businesses.
- *Solution: Injecting in-kind grants for female-led businesses.*

### Time constraints/care

- Women spend more time than men on domestic chores limiting the amount of time available to dedicate to business ventures.
- In SA, male entrepreneurs spend 3% more time than female entrepreneurs in their businesses.
- *Solution: Facilitating access to childcare services.*

# Drivers of success for female-led businesses

## Access to capital

- Increasing access to capital decreases the gender gap in firm performance via differences in firm capital stock i.e., inventory, equipment, and other property.
- Locally, when government agencies are rated on effectiveness the National Youth Development Agency is considered 46.9% effective, Small Enterprise Development Agency(Seda) 44.4% while the Small Enterprise Finance Agency(Sefa) is at 40.8%.
- Through Seda's capital injection, female-owned Jessey's Catering improved turnover from R4.7mn to R8.5mn creating 24 new jobs.
- Availability of SME venture capital increases the female entrepreneurial activity rate by 17.2%.

## Network opportunities

- Women with large diverse networks are likely to perform better than women who lack business networks.
- SheTradesHubZA, an initiative of the Department of Small Business Development, aims to connect female entrepreneurs to diverse markets. Through digital platform, female entrepreneurs share information about their companies thus increasing their visibility and expanding their networks.
- Since inception in 2020, a total of 2 222 businesses were registered for the SheTradesZA Hub.

## Targeting underserved niches

- Female led businesses often serve underserved niches which are often overlooked by the mainstream economy.
- Women-led businesses are using digital tools at a slightly higher rate than male-led businesses and are expressing a greater need for non-financial services for customer base expansion and new product development.
- Perceived opportunities increase the female entrepreneurial activity rate by 16.6% with female-driven necessity entrepreneurship increasing the activity rate by 45.3%.

## Literacy levels- financial, digital

- Only 30% of women globally are financially literate vs 35% of men, these odds increase where higher education levels are prevalent.
- Higher education levels decrease the perception of higher risks when attempting to raise financial capital via traditional banks.
- Formally employed women are more likely to pass know your customer (KYC) screening giving them access to financial services thus enabling business growth.

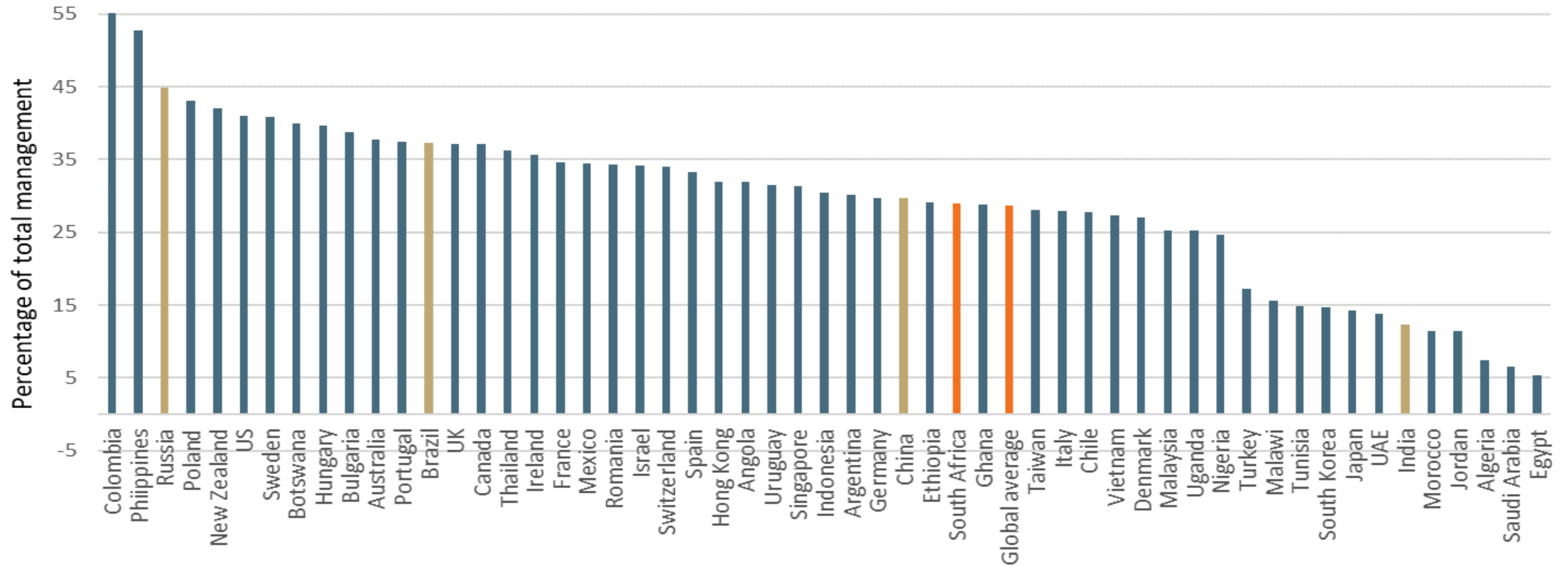
# Women in executive management in SA



# Global perspective on women business leaders

## Total percentage of executive management

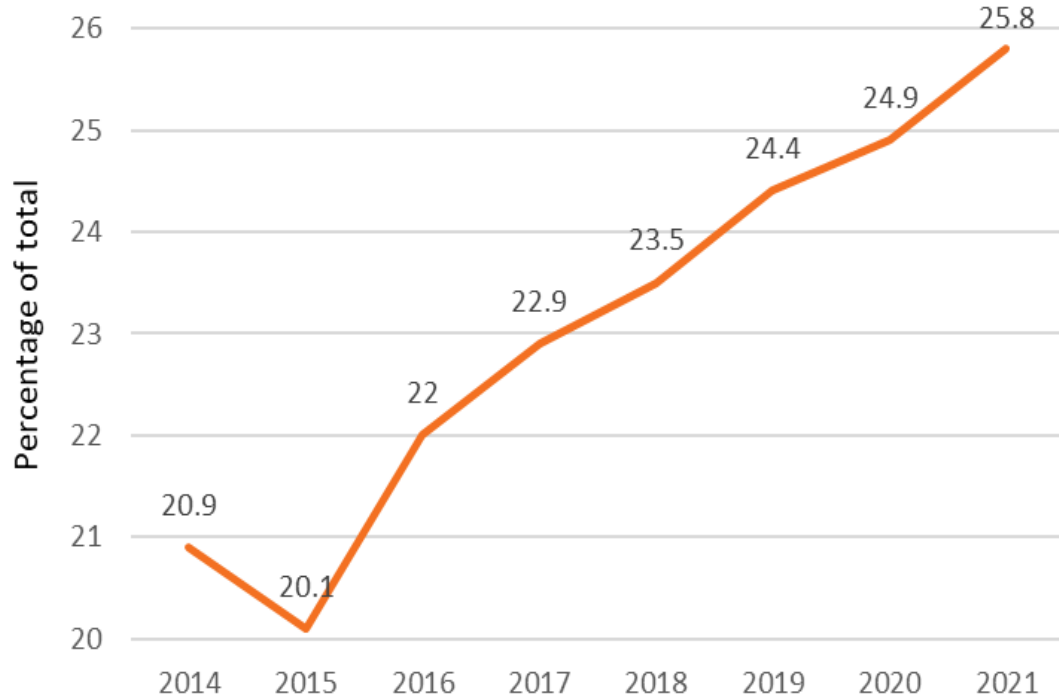
Globally, women leaders accounted for 28.7% of top management. Colombia and Philippines have more women in top management than men. Women make up 29.0% of SA's top management, marginally above the global average. Brazil, Russia and China have more women in leadership than SA.



# SA women in executive management

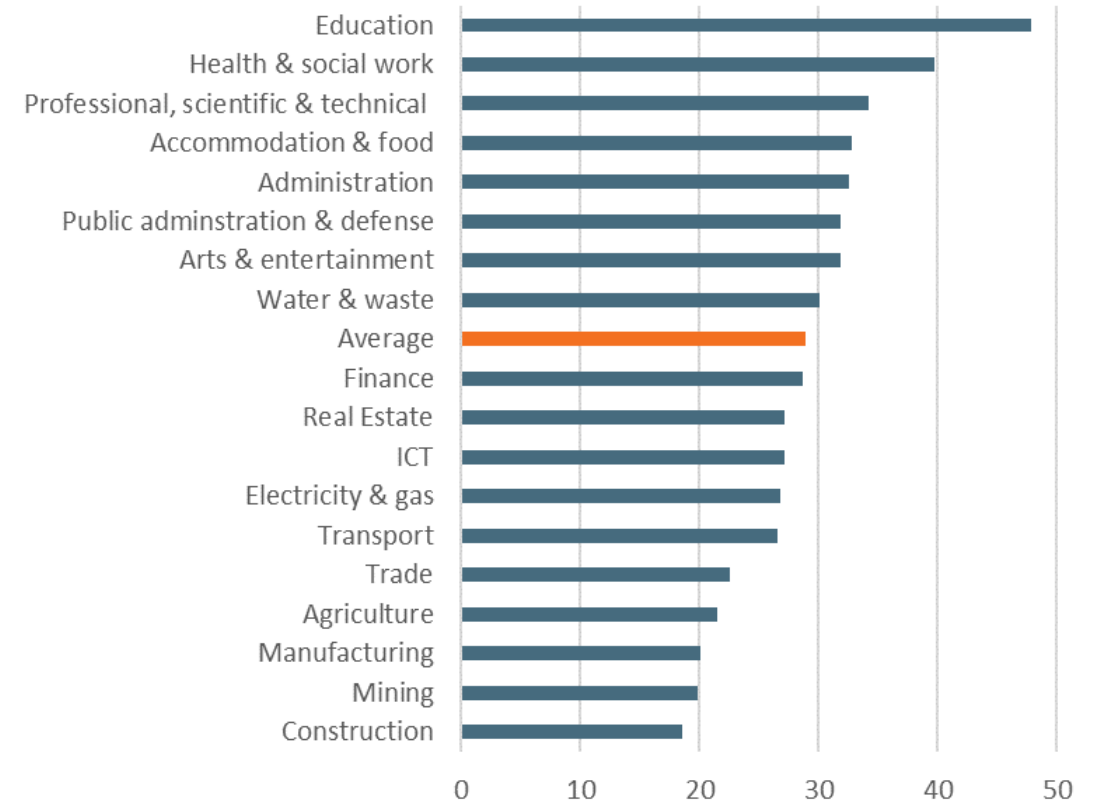
## Gradual increase in the number of women occupying top positions

Women in top management in the private and public sectors, weighted by contribution to GDP



While there has been recent progress, the percentage of women in top management remains low.

Women in top management by sector, % of total, 2021

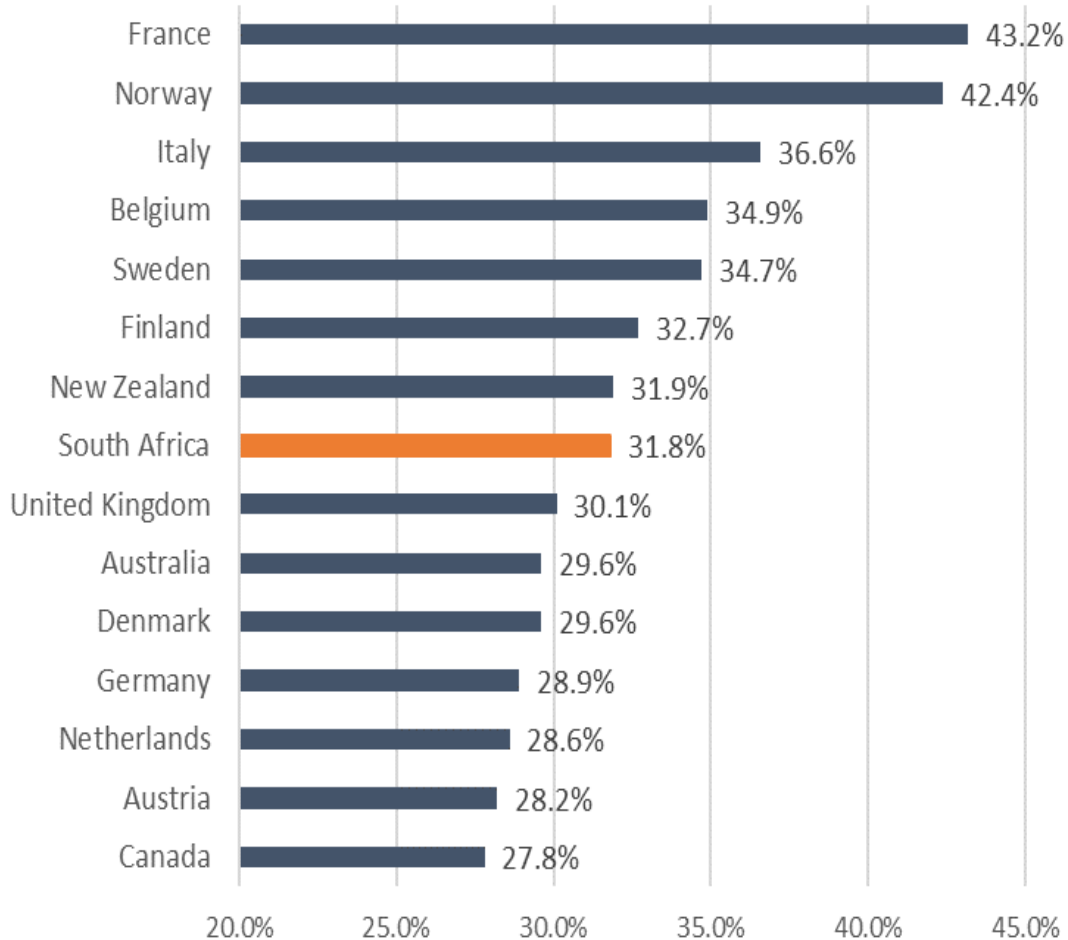


Public sector is leading the way, with more women occupying top positions in education (47.8%), health (39.7%) and public administration (31.9%).

## Global trends at board level

### Just under 20% of board seats are held by women

Global Top 15: Percentage of board seats held by women in 2021



- **Globally, only 19.7% (average) of board seats held by women, 2.8 percentage points higher than in 2019.**
  - **France takes the lead**, with average board composition of over 43% women, driven largely by their gender quota, set at 40% over a decade ago.
  - **South Africa ranks 8<sup>th</sup>** with average board composition of 31.8% being women.
  - Countries such as **Qatar, Saudi Arabia, or South Korea**, which report less than 5% of women on their largest boards.
- There are **few female board chairs at 6.7%** in 2021 from 5.3% in 2019.
- **Female CEOs are even rarer, at 5% in 2021.**
- If this rate of change were to continue every two years, we could expect to reach **near parity in 2045**. While this is unacceptably slow, there actually has been a slight **acceleration in the pace of change**.



## A look at SA board seats by women

### Consumer business, manufacturing & financial services take the lead

#### Overall numbers

	Board seats held by women	Board chairs that are women	CEOs that are women	CFOs that are women
2014	17.5%	7.8%	2.9%	
2016	19.5%	9.0%	2.7%	
2018	26.4%	12.2%	7.2%	17.4%
2021	31.8%	16.3%		25.9%

#### Industries with highest percentage of women on boards

	Consumer business	Manufacturing	Financial services
2014	18.3%	19.2%	
2016	18.0%	21.0%	
2018	25.2%	26.5%	26.3%
2021	34.5%	32.6%	29.1%

#### The most common challenges mentioned for slow progress in appointing women to boards:

- The small pool of potential women directors with the requisite skills in their respective industries
- Eligible female candidates being in great demand as company directors, raising the risk of conflict of interest
- The length of time it can take to identify and appoint suitable candidates.
- Other: loss of skills to emigration, directors being poached by smaller companies and women tending not to “step up”

***There is no legislation that prescribes minimum requirements for representation of women in boardrooms in SA. However, the JSE recently adopted a specific requirement for listed companies to disclose targets for gender and race representation at the board level. Progress made against these targets, which are in line with King IV recommendations, must be tracked by listed companies.***

# Barriers contributing to under-representation of women in top management & board

1

**Social & cultural beliefs, stereotypes:** women are expected to perform duties as wife and mother, in addition to fulfilling their professional responsibilities. Women still take on the primary responsibility for running their household.

2

**Glass ceiling** refers to the invisible deterrents that restrict women from advancing up the corporate ladder. The glass ceiling is nurtured by the organizational culture, policies and strategies in place favouring male dominance.

3

**Very hierarchal society.** Gender diversity and inclusion is still relatively new. There is a need for a cultural shift, an expansion of the small bench of women qualified for these positions, and a long-term vision to guide women into career paths that leverage their education and skills.

4

**Tokenism:** Strategically and financially it may seem to be a good move to have women in leadership positions, but from a female perspective it comes across as a token appointment.

5

**Women at times may not be willing to progress** to the next level because they do not want additional responsibilities. The trend not to progress to leadership is a deliberate choice that is attributed to the need to balance work and family life.

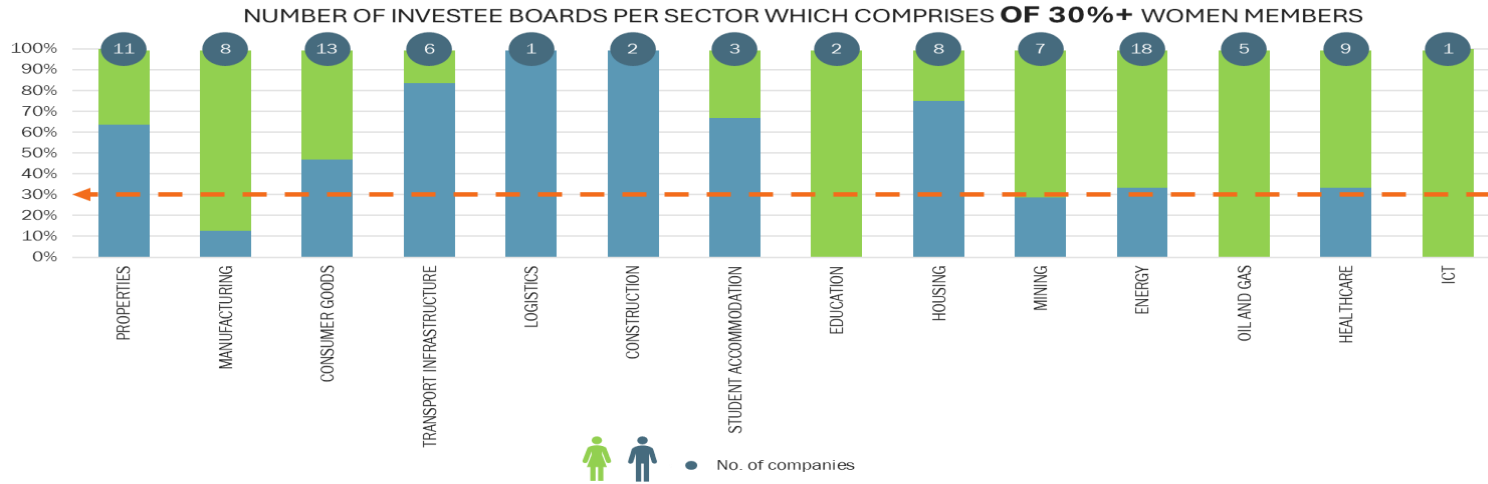
6

**Other reasons:** Poor preparation for women before they are assigned leadership roles. Lack of sponsoring and mentoring. Lack of support. Lack of trust in women. Male domination: women get overlooked and thus not given the same opportunities as men. Boys' club.

How does PIC compare?  
Unlisted investments



# Gender Diversity- Best Performing Sectors



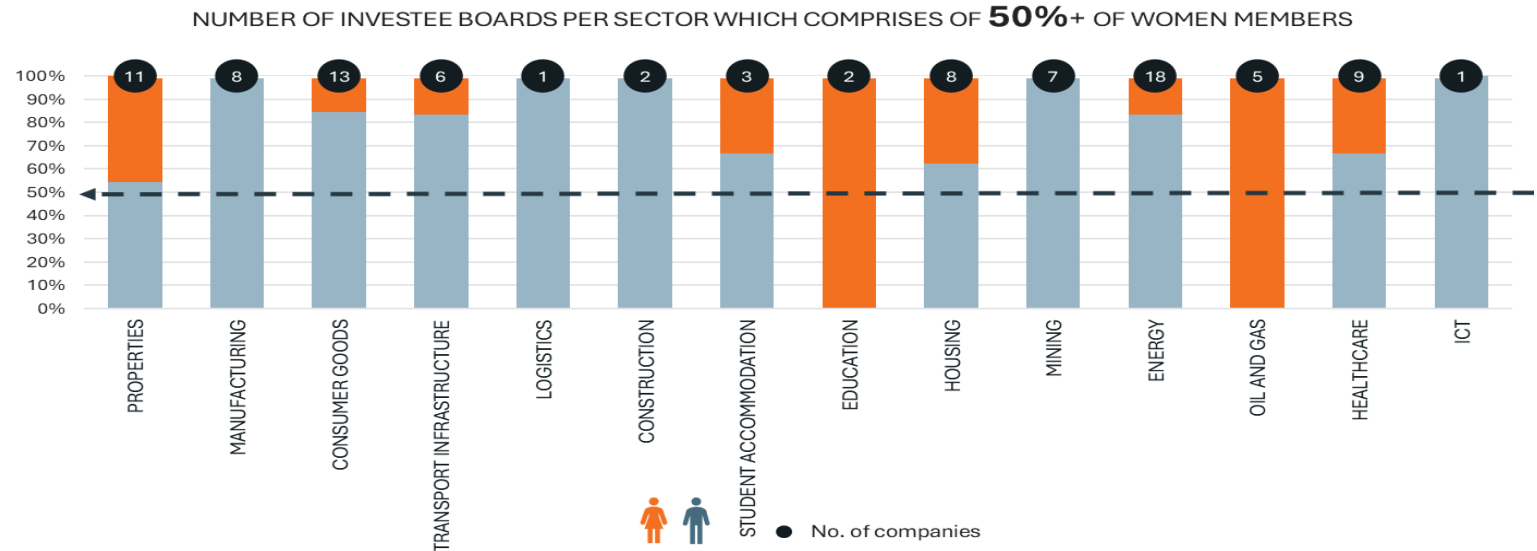
56% of Unlisted investee Boards comprises of less than 30% women

Best performing sectors that have 30% or more women:  
Manufacturing  
Education  
Oil & Gas  
ICT

PIC TRANSFORMATION CHARTER TARGET: 50%

Only 19% of unlisted investee Boards comprise ≥50% of women

Best performing sectors that have 50% or more women:  
Education  
Oil & Gas



## How PIC intends to increase funding towards women-owned businesses and drive greater women inclusion at executive and board level

### Growing a pipeline of women owned/led businesses

- **Set up a women-focused fund**
- **Leverage off venture capital women funds** for follow on funding and pipeline generation.
- **Create awareness of PIC funding opportunities in the media** – radio, social media platforms, leveraging clients' (GEPF, UIF, CC) footprint and advertising platforms. Use radio, social media and billboards. Advertise at major industry events (e.g., mining indaba).
- **Host bi-annual women breakfast/luncheon**, targeting different industries and create a database to feed into pipeline.
- **Initiate asset management academy** to grow talent pool.

### Driving women inclusion in existing investee companies

- **Put in place quotas** requiring a certain percentage of women on boards/executive over certain timeframes.
- **Employ actionable plans with defined and measurable goals.** Hold organizations accountable to transparent, consistent metrics that are clear indicators of effective leadership.
- **Evaluate and refine succession-planning and promotion practices** to ensure each opportunity is pulling from a diverse slate of candidates.

## Gender consideration to form part of PIC investment strategy

### PIC to include gender lens investing as part of its investment strategy

#### Investing with the intent to address gender issues or promote gender equity

- Investing in women-owned or women-led enterprises.
- Investing in enterprises that promote workplace equity in staffing, management, boardroom representation, and along their supply chains.
- Investing in enterprises that offer products or services that substantially improve the lives of women and girls.

#### Consider gender, from pre-investment activities to post-deal monitoring

A strategy that examines, with respect to the investee enterprises:

- Their strategy or mission to address gender issues.
- Their organizational structure, culture, internal policies, and workplace environment.
- How their financial and human resources signify overall commitment to gender equality.

## Conclusion and key takeaways

- **The pace of growth of women-owned/led businesses and the inclusion of women at executive and board level is SA remains low,** despite the steady process made over the years. There is a need for PIC to drive transformation through both listed and unlisted investments and channel funding towards women-owned businesses.
- Accelerating transformation and economic inclusion is an imperative of the PIC and is of national interest. We will not support businesses and organizations that do not see the need to transform nor refuse to transform.
- While potential investee companies may not have reached the B-BBEE Commission targets at the time of making the investment, we are willing to walk the journey of transformation with them if they are committed to the course.
- Below we show examples of countries and institutions that set gender targets for women representation in business and phased them in over time.
  - **France set a gender quota of 40% women representation at board level over a decade ago.** Today they have 43% women board composition. And are leading in the world in terms of women representation at board level.
  - **The 30% Club** aims to deliver beyond 30% female representation at both board and executive committee level. Although 30% is the critical mass at which minority voices become heard, it is the floor for what they are pushing for, not the ceiling. They have made terrific progress. **When they started out in 2010 in Britain, there were only 12% women on the boards of the FTSE 100.** Today, they are almost at 40% and on course to hit their ultimate target of parity. Data from stock exchanges in Italy, Australia, New York, and Toronto all show female representation at board level surpassing 30%.
- It is not only about achieving certain numbers or targets, but it is mostly about **adopting the right mindset about how to evolve corporate culture.** We should not see gender diversity as simply a regulatory imperative but rather as a business priority. **Gender diversity is linked to value creation and the success of the business.**

## Public Investment Corporation SOC Limited Disclaimer

Public Investment Corporation SOC Limited (PIC), Registration number 2005/009094/30, is a licensed financial services provider, FSP 19777, approved by the Financial Sector Conduct Authority (FSCA) ([www.fsca.co.za](http://www.fsca.co.za)) to provide intermediary services and advice in terms of the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002).

The PIC is wholly owned by the South African government, with the Minister of Finance as a shareholder representative.

Products offered by the PIC do not provide any guarantees against capital losses. Market fluctuations and changes in rates of exchange or taxation may have an effect on the value, price or income of investments. Since the performance of financial markets fluctuates, an investor may not get back the full invested amount. Past performance is not necessarily a guide to future investment performance.

Personal trading by staff is regulated to ensure that there is no conflict of interest. All directors and employees who are likely to have access to price sensitive and unpublished information in relation to the Public Investment Corporation are further regulated in their dealings. All employees are remunerated with salaries and standard short-term and long-term incentives. No commission or incentives is paid by the PIC to any persons and all inter-group transactions are done on an arm's length basis. The PIC has comprehensive crime and professional indemnity insurance.

Directors: Dr David Masondo (Chairperson), Ms Futhi Mtoba (Deputy Chairperson) | Mr Frans Baleni, Ms Beverley Bouwer, Prof Bonke Dumisa, Mr Walter Hlaise, Mr Mugwena Maluleke, Dr Lufuno Mulaudzi, Ms Tryphosa Ramano, Ms Barbara Watson | Mr Abel Sithole (Chief Executive Officer), Mr Brian Mavuka (Acting Chief Financial Officer), Mr Kabelo Rikhotso (Chief Investment Officer)

Company Secretary: Ms Bongani Maserumule

For more details, as well as for information on how to contact us and how to access information please visit [www.pic.gov.za](http://www.pic.gov.za)



## HOW TO CONTACT PIC

For more information about PIC, please contact us at:

Tel: +27(0)12 742 3400

Email: [esgeveryone@pic.gov.za](mailto:esgeveryone@pic.gov.za)

Postal: Private Bag X187, Pretoria, South Africa, 0001

Or visit our website at: [www.pic.gov.za](http://www.pic.gov.za)

