

Gender and performance of micro and small enterprises in the

uMkhanyakude District

Submitted in fulfilment of the requirements for the Master of

Commerce degree (Economics)

Department of Economics

University of Zululand

Kwa-Dlangezwa

Campus

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by

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Declaration

I, Nomfundo Nontobeko Nxumalo declare that the study on gender and performance of micro and small enterprises in the uMkhanyakude district is of my origin and all sources of information contained herein have been indicated and acknowledged by means of complete reference.

It has not previously in part or its entirety been submitted at any university for a degree

Nomfundo N. Nxumalo

Date:

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Abstract

Contemporary development theory asserts that women play a role in uplifting their families and developing their communities. The recent promotion of entrepreneurship among women in rural communities has been shown to be a formidably successful approach to development. Owing to the paucity of local studies in this vein, this project investigated the causal factors behind female entrepreneurs of uMkhanyakude district staying in business for two years or longer. Primary data were collected from entrepreneurs operating their businesses in the locality using snowball sampling method, hence a sample of 273 entrepreneurs were generated and interviewed by means of questionnaires over the three months period (September to November 2014).

Two logistic regressions were used: the first one assessed the factors that impact on the performance of SMEs; the second, was used to estimate factors increasing the probability of women staying in business. The first regression showed that women tend to influence the performance of rural SMEs positively and that access to credit is the other crucial factor that determines business success. Further study revealed that the higher the levels of business experience, education, business success and hours spent on business the greater the chances of women staying in business. Financial and input constraints are major restrictions on women staying in business. Finally, married women are found to be less likely to stay in business than single women. The study concluded that Grameen-bank type programmes which offer poor rural women low-cost loans for entrepreneurial purposes could benefit uMkhanyakude area.

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LIST OF ABBREVIATIONS

AIC.....	Akaike Information Criterion
ASALGP.....	Australia South Africa Local Governance Partnership
BIC.....	Bayesian Information Criterion
FAO.....	Food and Agriculture Organisation
GAD.....	Gender and Development
GDP.....	Gross Domestic Products
GEM.....	Gender Entrepreneurship Markets
GID.....	Gender in Development
GTZ.....	Germany Technical Corporation Agency
IFC.....	International Finance Corporation
LR.....	Likelihood Ratio
MFI.....	Micro-Finance Institutions
MSME.....	Micro, Small and Medium Enterprise
NGO.....	National Government Organisation
OECD.....	Organisation for Economic Corporation and Development
OLS.....	Ordinary Least Squares
SALGA.....	South African Local Government Association
SC.....	Schwarz Criterion
SEDA.....	Small Enterprise Development Agency
SMEs.....	Small and Micro Enterprises
SPSS.....	Statistical Package for Social Sciences
WAGI.....	Women and Gender Institutes
WID.....	Women in Development