



**SWP 5/87 FEMALE ENTREPRENEURS - ARE THEY
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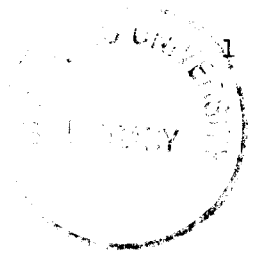
SUE BIRLEY
Philip and Pauline Harris Professor of Entrepreneurship
Cranfield School of Management
Cranfield Institute of Technology
Cranfield
Bedford MK43 OAL
United Kingdom

(Tel: 0234-751122)
(Fax: 0234 751806)

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FEMALE ENTREPRENEURS - ARE THEY REALLY ANY DIFFERENT?

ABSTRACT

This paper discusses recent literature on female entrepreneurs in order to discover evidence as to any significant differences from the data available regarding male entrepreneurs. The paper concludes that the major difference is in the market-entry choices made, a natural phenomenon considering the differing nature of their backgrounds.

Professor Sue Birley, Philip and Pauline Harris Professor of Entrepreneurship, is Director of Research at the Cranfield School of Management, UK, as well as heading the Cranfield Entrepreneurship Research Centre (CERC). She is a member of the Editorial Board of several journals, including the Strategic Management Journal, the International Small Business Journal and the European Management Journal. She is also Chairman of a venture capital consultancy company in the City of London.

FEMALE ENTREPRENEURS - ARE THEY REALLY ANY DIFFERENT?

The past ten years has seen a remarkable shift in the attention paid to the entrepreneur and to the small firm. The sector is now viewed as a significant factor in the design of strategies for economic recovery. So important are they now seen that, for example, in the United Kingdom the Government Department of Trade and Industry was recently re-named the Department for Enterprise. Increasingly, all sectors of the population are urged to consider self-employment. In the education sector alone, there are now "Start-Your-Own-Business" programmes specifically designed for students, for the unemployed, for managers, for ethnic minorities and for women. This rapid growth in the segmentation of the market has, however, been based upon a history of research which has drawn evidence almost entirely from male entrepreneurs. By contrast, however, recent estimates indicate that more than one third of the new firms founded in the United States are owned by women, [1] yet, as a number of recent studies have observed, the data regarding female entrepreneurs is limited [2]. Moreover, the studies which have been conducted are often based upon small, convenience samples which may, indeed, have had a significant

influence upon the nature of the results [3].

Throughout history, and according to the norms of particular cultures, the roles of men and women in society have always been significantly different. However, the nature of these roles is gradually changing in Western economies. More women are continuing into further and higher education, and into full-time employment; the technology revolution has brought a multitude of time-saving household products such as dish-washers and micro-waves; men are taking a more active part in the running of the home and the rearing of children; and divorce is on the increase, forcing more housewives back into the labour market. It is important, therefore, to ask the question - what is the effect of these environmental changes upon the nature of the supply of female entrepreneurs? Are they, indeed, significantly different from men?

This paper starts from the premise that the nature of any business, its trading relationships with customers, suppliers, bankers and advisors is "set at the start" [4]. The model suggested by Cooper [5] to analyse the factors which influence the initial entrepreneurial decision is used to develop a theory for female entrepreneurs. The model describes three broad groups:

- a. "Antecedent Influences" include those aspects of the

entrepreneur's background which affect his motivations, perceptions, and skills and knowledge. They include genetic factors, family influences, education, and previous career experiences.

- b. The "Incubator Organisation" describes the nature of the organisation for which the entrepreneur worked immediately prior to start-up. Relevant factors include the specific geographic location, the type of the skills and knowledge acquired, the degree of contact with possible fellow founders, and the extent to which the entrepreneur gains experience of a "small business setting". Beyond these, there are the particular motivations and triggers to stay with or to leave the organisation - the push versus pull factors.

- c. "Environmental Factors" external to the individual and to his incubator organisation provide an important setting within which the individual entrepreneur is able to flourish. Important factors here include the general prevailing economic conditions, but more specifically the accessibility and availability of venture capital, role models of successful entrepreneurs, and the availability of supporting services.

ANTECEDENT INFLUENCES

Motivations: It is clear from the literature that female entrepreneurs are similar in many respects to their male counterparts. Thus, of the four motivations identified by Goffee and Scase [6], three - avoiding low paid occupations, escaping supervision, and the constraint of domestic roles (in the incubator organisation) - are directly comparable. Further, the fourth, that of rejecting male imposed identities has little support in the literature. It would seem that females have the same motivations of the need for money, the wish to be independent, and the seizing of an opportunity as their male counterparts [7]. Indeed, Chaganti [8] notes that when traditional personality tests have been conducted no significant differences emerged regarding achievement motivation, autonomy, persistence, aggression, independence, non-conformity, goal-orientation, leadership and locus of control [9]. Nevertheless, Gerritson, Beyer and El-Namaki note one further important factor, that of self-confidence, which they conclude is "the only well-validated trait on which western and non-western women differ from their male counterparts" [10]. Despite this apparent lack of self-confidence, few women are satisfied with work which merely provides "pin money", whether it be as an employee [11], or through self-employment [12] for, as Rimmer and Popay [13] note in 1979, only 8% of the male labour force in the United Kingdom consisted of sole

providers for the archetypal family.

Family Background: Whilst Watkins and Watkins conclude that the background of their sample of 58 men and 43 women were substantially different, closer examination of their data shows similarity in sibling position, fathers occupation [14], and general level of education. Regarding age, Birley, Moss and Saunders [15] found the women entrepreneurs in their sample to be younger than the men. However, these results must be treated with caution since the sample was both small and biased, being drawn solely from a population which had participated in enterprise training.

Marital Influences: Most of the literature regarding family background which identifies any differences between males and females concentrates upon the entrepreneur's marital status. Thus, whilst Curran reports that roughly similar proportions of male and female enterprise owners were married, divorced or separated, he concludes that "the apparent support for the notion that self-employment among women is an alternative to marriage or to dependence upon males in Watkins and Watkins, and Goffee and Scase is a function of the non-random approaches to sample construction". In his study of 34 female entrepreneurs, Cromie [16] detected different reasons for creating businesses between married and single women. However, after further examination of the data, he concluded that the differentiating factor was not, in fact, marriage

itself but rather the possession of children [17]. For mothers, self-employment or entrepreneurship afforded a greater opportunity for the flexibility required in a lifestyle which combined both domestic and employment responsibilities [18]. This point is underlined by Hertz who comments that "this explains the great disparity between the number of female executives who choose to be mothers (only 39%), and the women in this study of whom as many as 74% are mothers". Further, in her study of the personality types of women in management, Vinnicombe [18] found them to fall mainly into the categories of Visionaries and Catalysts in contrast to their Traditionalist male colleagues. She concludes that these differing types explain the problems which women encounter with "organisational rigidity" and that "starting their own business, working part-time, and staying at home are the kinds of coping strategies women managers are adopting".

THE INCUBATOR ORGANISATION

In his study of new ventures, Cooper saw the incubator organisation as the immediate previous employer of the entrepreneur. Whilst this definition would appear to be too narrow for the current economic conditions and trends, the underlying assumption that previous experience will influence the nature of the entrepreneurial choice still pertains. However, the nature of the skills and knowledge of the

unemployed, the student or the housewife may be quite different from those traditionally observed for the male in his mid 30s. Thus, although Stevenson notes that most women gain their first managerial experience in their own business, not only is this often not even the case for many employed, skilled males, but it also begs the definition of the term "managerial". Indeed, Craig, Garnsey, and Rubery [19] cautioned of the need to re-assess the value of women's work and to avoid taking at face value its classification as unskilled. The important issue, therefore, is not the type of prior employment which is an important ingredient in the incubator process, but rather prior experience, whatever its nature. Taking this view, it is clear that "women make the same entry choices as men - i.e. all enter sectors open to them given their background, age, economic and family status, education, experience, and career opportunities" [20]. Thus, for example, Hertz found that whilst many of the women in her sample had not been employed in the traditional sense, but had been housewives, nevertheless 81% had "relevant experience".

It follows from the above argument that it is not surprising that many women enter those markets which are "not traditionally male dominated" [21] - the service industry and, most commonly, retailing [22]. This is a pattern which is seen on both sides of the Atlantic. In the United Kingdom, statistics in the 1987 Employment Gazette [23],

whilst not directed solely towards the self-employed, show that -

1. Females account for 45% of the employed population.
2. Total female employment is growing.
3. Part-time female employment is 42% of all female employment.
4. 65.7% of female employment is in retail distribution, hotels, catering, education, health, and other services.

In the USA, the 1986 State of Small Business [24] found that women-owned businesses were growing much faster than male-owned businesses and in the "traditional areas of retail and service", and notes that the reasons are threefold -

1. Increased participation of women in the labour force in general
2. Increased trend of firms to contract out services.
3. Flexible working hours.

In Canada, 95.9% of females starting businesses in 1985 entered either the service or retail industries [25].

ENVIRONMENTAL FACTORS

It is clear from the literature that the motivation to start

a new firm, and the development of an associated product idea, take many years to incubator. The corollary to this is the fact that the supply of entrepreneurs is not a fixed quantity, but can be influenced by external factors. On a national level, the role of national culture, acceptable norms of behaviour, new networks for assistance and advice, and traditional family relationships clearly influence individual attitudes. Moreover, the availability of attractive role models such as Ted Turner, Richard Branson of Virgin Atlantic or Laura Ashley, and the much publicised success of the management buy-out have made significant contributions to shaping national attitudes to entrepreneurial behaviour. However, beyond this, Cooper suggests that the prevailing economic climate is also an important factor in determining the number of people who finally decide to move into self-employment. Thus, the mere fact that many large firms have substantially reduced their employee base, that management at all levels can no longer look to the large firm as a source of long-term security, has meant that many have sought a new form of security - that of self-reliance through the ownership of their own firm.

Within this, the general environmental factors which contribute to an increase in the supply of female entrepreneurs are subtle and are part of a general change in society's attitudes to male and female roles, both at home and at work. In their study of the entrepreneurial role of

women in developing countries, El-Namaki and Gerritson [26] identified the following seven barriers to women's entry into industry and entrepreneurship:

1. Behavioural barriers - low self-confidence, negative self-image.
2. Education barriers - admission and progression, and training opportunities.
3. Occupational barriers - traditional confinement, skill constraints.
4. Role barriers - minority status, visibility, performance pressures.
5. Legal barriers - discriminatory laws.
6. Infrastructural barriers - access to credit, support, information.
7. Societal and cultural barriers - hostile values and attitudes, family structure, conflicting role demands.

They conclude that the existing evidence supports the view that these barriers are formidable, constituting a never-ending circle: "secondary position of women -> little or no education -> no work in the formal sector -> informal sector -> low income -> no chance of improving life conditions -> daughters needed to help in the house..." However, whilst these conditions certainly have prevailed in most Western Countries, recent evidence in the United Kingdom

and the United States paints a more optimistic picture. Positive role models, positive discrimination, increased travel, increased media coverage and the changing nature of education are all factors which contribute to a more supportive environment, and to an increase in the number of women considering self-employment. However, whilst the general environment may be more conducive to female entrepreneurship, the question remains as to whether women differ from men in their ability to translate an idea into a business, in the environment which they encounter as they begin to gather resources.

In their study of 20 females with one or more years of experience in the operating of a retail or service firm in the USA, Pellegrino and Reece [27] found that women did not experience any serious formative problems, or any obstacles unique to their sex. This general conclusion is supported by Bradley and Saunders [28] in their study of 300 female owners registered in the "Pink Pages". Although some did report particular difficulties in qualifying for loans because of a lack of collateral, this is also often quoted as a problem encountered by male entrepreneurs, and is difficult to validate without detailed knowledge of the particular business plan. Indeed, the State of Small Business [29] reports quite firmly that female entrepreneurs' access to capital was no different from that of men, although women did seem to depend more heavily upon personal savings. Hertz

underlines this point in her comparative study of British and American women entrepreneurs who found no real financial discrimination, and which she concludes was because of sound business plans. Indeed Gumpert [30] reports the view of Helen Charov, founder and president of Goodspeed Systems Inc. that bankers and investors are "equally uncompromising for men and women". Beyond this, there is little data on the use of women of the various assistance networks available, although evidence from the United States points to a strong correlation between involvement in the particular network of the American Women's Economic Development Council and sales performance [31].

On the issue of discrimination, Hertz' results are particularly interesting. 60% of her respondents considered that to succeed women had to be better than men - a better business person, more confident, and better at absorbing stress. Whilst these are self-reported opinions, and thus not validated by any comparative studies of their personal characteristics, they reflect many of the skills and motivations of hunger and drive necessary for any entrepreneur. Moreover, it is interesting to note that 40% of her respondents felt that, far from being discriminated against, being a woman gave them a positive advantage over men. This conclusion is supported by Gumpert who found discrimination not to be a serious obstacle for high-tech women entrepreneurs. By contrast, the only study which found

significant problems for women is that of Goffee and Scase which took as its theme the assumption of women's "subordination", and her responses to it.

CONCLUSION

This paper is based upon the premise that individual motivations, family background, education, and work experience (as distinct from employment experience) are all factors which contribute both to the decision to start a business, the choice of market, and the environment within which the business operated. However, most of the empirical evidence upon which this theory is based have been studies of male entrepreneurs. The aim of this paper was to explore the situation of female entrepreneurs.

Almost all the studies of female entrepreneurs are descriptive of their basic backgrounds and characteristics with some comparisons between female entrepreneurs and male entrepreneurs, minority female entrepreneurs [32], and female executives [33] respectively. However, background data is easily available and observable, and often ignores the more subtle factors of "different cultural conditioning and experiences" [34].

From the evidence presented, this paper proposes the theory that whilst Cooper's model holds, the particular factors

which contribute to the supply of entrepreneurs are also SITUATIONALLY and CULTURALLY bound, and it is in this sense that any differences between men and women are to be observed.

For any "minority" group, their position in society will be a significant factor in determining their attitudes to entrepreneurial activity. Until very recently, the major role of women was seen in most Western economies by both men and women to be that of wife and mother. Indeed, even should they take employment, this was almost always in addition to their roles as home-maker. It is not surprising, therefore, that the market-entry choices of female entrepreneurs were different from those of men. Moreover, whereas women often drew heavily upon the incubator organisation (the Home) for ideas and for "managerial" experience, they lacked many of the basic commercial networks which were associated with prior employment. Without this credibility base, many failed to reach the starting gate.

However, the role of men and of women is changing rapidly within Western economies. As McDermott notes "the exploding number of small business owned by women reflects both social and economic transformations. Women have crossed a wider range of economic barriers than at any time since World War 11". It is clear that women are beginning to feel more confident about their own skills, to build their own

commercial networks, to establish credibility with customers, suppliers, and bank-managers, and to start successful, albeit "traditional" businesses. It is the proposition of this paper that the growth of women-owned businesses is but one reflection of a changing society, rather than any inherent difference between the sexes of skills or of motivations. Therefore, if the theory holds, the profile of women entrepreneurs in the future will continue to match their changing situation, and move even more closely to that of their male colleagues.

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