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**SWP 6/87 DO WOMEN ENTREPRENEURS REQUIRE
DIFFERENT TRAINING?**

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Do Women Entrepreneurs Require Different Training?

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This paper analyzes the characteristics of male and female participants attending pioneering entrepreneurship development programs, which form part of an economic strategy directed at increasing the quality and quantity of new firms. The participants did not need to have a business plan, finance available or formal education, but must have had a "reasonably feasible idea". The results show significant differences between the characteristics of the male and female entrepreneurs, and the businesses which they form.

Most of the available information about the nature, characteristics and performance of the small firm and its associated entrepreneur is based on studies conducted among predominantly, if not exclusively, male business owner/managers. Yet in 1983 Hisrich and Brush estimated that the number of female run businesses in the USA probably exceeded three million and further, that they formed the fastest growing group of entrepreneurs. There is no equivalent data for the United Kingdom, although a study by the Scottish Aberdeen Enterprise Trust [1985] found 18 percent of the 103 *existing* firms surveyed were female operated, whereas 32 percent of the 84 *new* firms surveyed had been started by women. Moreover, the current rise in unemployment in the UK is due, in part, to the increased number of females entering the job market, although the increasing number of part-time jobs traditionally viewed as appealing to the female population partly compensates. As a result of this trend, and concurrent with the various national policies aimed at increasing the number of new businesses, recent attention has been focused upon the need to increase the supply of female entrepreneurs. The questions which arise, therefore, are the extent to which the females differ from their male counterparts in their backgrounds, the businesses they form, and their resultant needs for specific policies, advice and assistance.

PREVIOUS RESEARCH

To date, research into new firms has virtually ignored the female entrepreneur, although a few recent studies did provide guidelines for this exploratory study. They cover four basic areas—her motivations, her background, the type of business which she starts and the problems which she consequently faces. Current

evidence regarding the motivations of the female entrepreneur suggests that she differs very little from her male counterpart, the main stimuli cited being the need to achieve, independence, job satisfaction and economic necessity (Schwartz 1979, Hisrich and Brush 1983, Hisrich and Brush 1985). However, Watkins and Watkins (1983) note that, while these motivations may be present, the would-be female owner manager does need a greater stimulus than her male counterpart to take the ultimate step, a point supported by Tuck (1985) who further concludes that women lack confidence in numerical skills, need the support of a partner and lack managerial experience.

Turning to the background and characteristics of the female entrepreneur, Smith, McCain and Warren (1982) classified their sample on a "crafts oriented/opportunistic entrepreneur" scale and found the females to be heavily concentrated close to the center whereas more than half of the men were at one extreme or the other. Hisrich and O'Brien (1982) concluded that education plays a major role in start-up, being a differential between women in "traditional" and "non-traditional" business, those falling within the latter group being better educated than those in the former. These findings are reinforced by Hisrich and Brush (1985) who found the female entrepreneur to be:

- the first born
- from a middle or upper class family
- the daughter of a self employed father
- educated to degree level
- married with children
- forty to forty-five at start-up
- with relevant experience

Data concerning the type of business started are contradictory. For example, both Watkins and Watkins (1983) and Hisrich and Brush (1983) suggest that women tend to start "stereotypical" or "traditional" businesses, while Gomolka (1977) found no relationship between gender and the industrial sector chosen.

Differences also have been identified in the problems faced by the entrepreneur as compared to the entrepreneur during start-up. Women are taken less seriously than men in matters of business (Hisrich and O'Brien 1981, Scase and Goffee 1982); they have particular problems obtaining funds (Pellegrino and Reece 1982); they suffer from a lack of business training (Hisrich and Brush 1985); and they lack the unpaid help traditionally afforded by a wife, a factor which Scase and Goffee (1982) found to be critical in the eventual success of the venture.

It is clear from the studies reported above that research into the characteristics of this growing group of entrepreneurs is in the early stages. The research base is small and many of the issues raised remain open. Consequently there is little guidance as to whether it would be appropriate to design training and assistance policies aimed solely at the female entrepreneur.

CURRENT RESEARCH

This study is exploratory in nature. It is based on a group of prospective entrepreneurs, both male and female, who attended a series of entrepreneurship/enter-

prise development courses at a London college. The programs, called Small Business Courses, (SBCs), are similar in design to the New Enterprise Programs (NEP) described in an earlier paper (Birley 1986). They differ in that the NEP is aimed at those wishing to employ at least 4 people, and the SBC at those intending to employ less than 4 people. The SBCs are ten weeks long and are split into two components. Three weeks is spent in the classroom developing basic business skills, (raising finance, selling skills, book-keeping, etc); the remaining seven weeks are spent "on the road" conducting market research, searching for premises, suppliers, financial backers and attempting to marshal the resources necessary for launch. During this latter stage, participants are supervised by experienced counselors.

The programs are paid for by the Manpower Services Commission, an arm of the Government's Department of Employment. In addition to the tuition fees, each participant receives a small living allowance and a grant of up to £500 towards their Market Research costs. A prerequisite of the SBC is that the participant must either be unemployed, or be willing to give up their job to attend. The programs which form the basis of this study were conducted between September 1982 and April 1985 during which 80 participants attended a total of 6 SBCs.

The research evolved because the SBC apparently attracted a larger percentage of females (39 percent of the participants) than those in the new firm population as a whole. This prompted the question of whether this group was in any way different from their male colleagues, and, if they were, whether this would justify specific, women-only programs. As a result, the study was designed to investigate two basic areas—the participants' background, and the type of business subsequently formed. The data collected included the original business idea, incubator characteristics, customer base, supplier base, employees, legal status and family involvement. Data was collected by means of telephone interviews.

Despite multiple attempts to contact all of the 80 participants by telephone, only 47 were eventually located and all agreed to participate. This does, however, represent a high response rate of 59 percent. Moreover, significant differences emerged between those from males and from females [See Table 1].

Since these response rates reflect the ability of the researchers to contact the

Table 1

Response Rates

	Program Participants		
	Contacted	Not contacted	
Male	36	13	49
Female	11	20	31
Total	47	33	80

Note: $\chi^2 = 10.6$, 5% SL = 3.84

entrepreneurs, rather than any apparent unwillingness to participate, *prima facie* it would seem that a greater proportion of the women had moved home since attempting to start their business than had their male colleagues. Given these differences, and the small sample size, the results must be viewed as exploratory, and interpreted with caution.

RESULTS

The Business

There was no significant difference between the number of men and women who had actually started up at the time of the survey, [$\chi^2 = 1.82$, 5% SL = 3.84], a result which contradicts White's (1984) view that women are more successful at getting their businesses off the ground. Overall, however, the rate was 62 percent, significantly lower than the 96 percent of participants from the New Enterprise Programme who started businesses [Birley 1985]. Fifty-five percent of the new firms were in retail and 45 percent in service industries. Notably, there were none in a manufacturing industry. The men were split evenly between retail and service with 64 percent of the women in retailing.

All participants were asked if their business idea had changed between starting the course and the formation of the business. Ninety-one percent of women and 70 percent of men said their ideas had changed only marginally or not at all. While not a significant result [$\chi^2 = 2.42$, 5% SL = 3.84], this implies either that women had a clearer view from the start about what they wanted to do (or felt themselves capable of doing) or that they are less opportunistic, having come forward for the program only if they had a specific skill to use.

Age

The mean age of the female group at start-up was 32.7 (SD = 7.8), significantly lower than the mean age of 39.3 (SD = 16.8) for the men [$P(z > 1.8) = 0.036$]. Indeed, none of the females were over 50, whereas 25 percent of men were aged 51-65 and 63 percent of females were under 35. Moreover, 18 percent of females were under 25 (8 percent males).

Education/Experience

There were no significant differences in the level of education between men and women in the group. [$\chi^2 = 0.48$, 5% SL = 3.84]. Forty-eight percent of men and 55 percent of women were high school graduates, and 22 percent of men and 27 percent of women had either first or second degrees. When asked about the nature of their previous employment 49 percent of men and 55 percent of women classified themselves as having held a managerial position.

Past Experience

To find whether the previous employment of the entrepreneurs in the sample had had an effect on their choice of business, we asked a number of questions.

First, they were asked if their businesses had customers in common with their previous employer. 89 percent of men and 90 percent of women responded negatively. The actual relationship between the new business and previous employment was also examined. The entrepreneurs were asked whether the previous employer was a customer, a supplier, a competitor, related or unrelated. Of the male run enterprises, 78 percent were unrelated compared to 64 percent of the female run firms. [$\chi^2 = 0.60$, 5% SL = 3.84]. Finally respondents were asked if skills that were learned in previous employment were being used in the new one. Sixty-nine percent of the men and 82 percent of the women responded positively to this question. [$\chi^2 = .59$, 5% SL = 3.84]. Overall these results show that previous employment did provide an experiential base for the entrepreneurs, with little difference between the sexes.

Premises

There was a significant difference between men and women in the type of premises used. [$\chi^2 = 12.60$, 5% SL = 3.84]. Of those in business, 75 percent of men ran their businesses from home while 78 percent of women ran theirs from separate premises, or only 22 percent being based at home. Considering that the search for premises is often cited as one of the major problems for any prospective entrepreneur, this result is all the more remarkable.

Legal Form of Business

The largest proportion of all businesses were started as sole-proprietorships. However, the results did suggest that women are more likely to use a corporate umbrella subsequently, a result contrary to that found by Tuck (1985).

Customer Profile

The respondents were asked to categorize the proportion of male to female customers. For the men, the split was fairly even, but for the women, the distribution was heavily skewed—with over 75 percent serving female customers. [$\chi^2 = 4.3$, 5% SL = 3.84].

Labor Usage

As was expected, all the firms were tiny, employing only one or two people including the founder. Consequently, meaningful statistical analysis was not possible. However, inspection of the data did highlight some interesting differences in the labor usage patterns of the men and women owners. (See Table 2).

Women tended to use more labor of all three types, (full time, part-time and casual) than men. Also, while the women used more female labor than men, ranging from one and one-half to over six times as much, they employed as many men in their businesses as did male business owners.

It was thought that the labor wage patterns might show a misleading picture without some reference to the usage of family as labor in the enterprise, and, indeed, the results show that men tended to use their families far more than

Table 2

Employment: Mean numbers of employees per business in the sample

	Total		Male		Female	
	Start	Now	Start	Now	Start	Now
Full-Time						
Male	0.24	0.28	0.25	0.30	0.22	0.22
Female	0.41	0.41	0.15	0.15	1.00	1.00
Regular Part-Time						
Male	0.10	0.28	0.10	0.35	0.11	0.11
Female	0.17	0.38	0.15	0.30	0.22	0.56
Casual						
Male	0.14	0.38	0.10	0.35	0.22	0.44
Female	0.55	0.93	0.30	0.55	1.11	1.78

women, although the reverse applied when looking solely at full time employees. (See Table 3).

Speed of Start Up

The start-up point was defined as being the receipt of the first order. Using this definition, 30 percent of men had set up their businesses by the end of the SBC, whereas this was true of only 11 percent of the women. The women had caught up by the end of the sixth month after the program (70 percent of men, 77 percent of women) and subsequently were reasonably matched.

Table 3

Employment: Mean number of family members employed per business in the sample

	Total		Male		Female	
	Start	Now	Start	Now	Start	Now
Full Time	0.24	0.28	0.20	0.20	0.33	0.44
Regular Part-Time	0.21	0.21	0.30	0.30	—	—
Casual	0.24	0.31	0.30	0.30	0.11	0.33

Finance

Sixty-six percent of respondents stated that they needed finance beyond their own resources. This proportion was the same for both men and women. Of the men needing additional finance, 76 percent raised it through banks and the remainder from their families. Sixty-seven percent of women needing additional finance went to their banks, the remainder going to their families or friends/partners. There was no difference between men and women in the proportions of the total set-up funds which were borrowed.

CONCLUSION

This study arose out of the need to understand the unusually heavy demand by females for places in a Small Business Course. The results would be used to assess the value of providing specially designed courses for women. Consequently, all aspects of the start-up process were examined. From the responses, some similarities emerged between the men and women entrepreneurs. There were no apparent differences between the time taken to launch the business; both women's and men's past experience helped in providing technical and managerial skills necessary for start-up; there was little difference between their levels of education, and their borrowing/financing routes and proportions of external finance used were similar.

Regarding differences, it was found that the women were more difficult to contact than the men, and it is possible that one area for future research into start-up is the extent to which the employment mobility of their spouse affects their chances of survival. Proportionally, women had stuck to their original business idea more consistently than men. While not a significant result, it does suggest that they either had a clearer view from the start about what they wanted to do or were more resistant to change.

One major difference was that of age. The female respondents proved to have a significantly lower age profile than the men, although both remained within the age range of 30-40 found by other studies [Cooper 1981]. Among other things, this may reflect both a characteristic of the female entrepreneur, who recognizes the need for training, as well as the U.K. recession's effect on male unemployment.

Female run businesses appeared to need premises more than those of the male, and while the largest proportion of all respondents set up as sole-proprietors, women were the more likely to use corporations. This is almost certainly due to the larger percentage of retail businesses.

Men were found to have a more even spread regarding the sex of their customers whereas women tended to have predominantly women customers, supporting the proposition that women tend to set up "traditionally" female run businesses. Moreover, the fact that women used more labor generally as well as more female labor is unsurprising as the stereotype female business is often more labor intensive than that of her male counterpart. What is surprising is the lack of difference in her male labor usage patterns.

These latter results tend to suggest that a general lack of managerial experience, and personnel management in particular, is not entirely the barrier to the women entrepreneur that is often suggested. The labor usage patterns also im-

plied that the woman does not lack managerial talents/experience to the extent previously thought. Further, women tended to use their families as labor less than men; this supports the Scase and Goffee (1982) view that the often unpaid contribution of wives may be a critical factor in the success of many new firms.

This study was based upon a small sample of entrepreneurs attending a custom-designed course. As a result, it must be interpreted with extreme caution. Indeed perhaps the most important result from the study is the proportion of females who actually attended the program and who subsequently translated their idea into a business. This is significantly higher than the proportion of female owner-managers estimated to be in the population as a whole, which supports the view that women do possess both the motivations and the ideas. Moreover, almost all the respondents had developed skills in previous employment which they used in the development of the firm, and this despite the fact that there was no apparent commercial connection. This suggests that a growing population of female employees will itself spawn entrepreneurs who will, in turn, look to women as customers in their new endeavours. Beyond this, no strong evidence emerged to support female-specific programs.

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