

Women Entrepreneurs: Turning Disadvantages into Advantages

The number of women who are starting and owning their own business as a career has increased significantly over the past 10 years. Due to gender discrimination and bias, many women choose the option of starting and managing their own business in order to avoid corporate “glass ceiling” prejudice that can impede women’s success in the corporate world. There are many reasons why women become entrepreneurs and many barriers and obstacles that they must overcome. Two such barriers are obtaining capital financing and establishing a broad network. Regardless of these hurdles there has been a continual increase of women entrepreneurs throughout the past decade, demonstrating that women can overcome societal discrimination and gender bias, turning disadvantages into advantages, in order to succeed in the entrepreneurial world.

Why Women Become Entrepreneurs

Women often leave the corporate world to become entrepreneurs, by starting their own businesses, to provide additional flexibility and life balance in managing their traditional responsibilities as wife and primary caretaker of children. The primary concern for many women is the combined responsibility of work and family (Buttner and Moore, 1997). Helms explains that women often start their own business for “three types of personal gains: personal freedom, security, and/or satisfaction” (Helms, 1997). She describes “freedom seekers” as those who are dissatisfied with their employment due to pay inequities or discrimination and desire the freedom to choose their preferred type of work (i.e. hours of work, environment, and people they work with). The work flexibility provided by entrepreneurship is appealing for women in terms of location, often working at home or close to home, and the hours of work. “Security seekers” are those who have been prompted to become an entrepreneur due to some personal misfortune, such as layoff, downsizing, divorce, death or retirement of their spouse. These “security seekers” start a business to improve or maintain their family social or economic status. The “satisfaction seekers” are housewives who do not have any previous work skills or experience but want to prove to others or themselves that they can be productive and useful in society (Helms, 1997).

In examining different theories and the reasons why women become entrepreneurs, I would argue that there is no set and standard profile that can be predictably applied. For every woman who is an entrepreneur or wants to become one, they each have their own set of reasons, motivation, and many cannot be categorized or ‘labeled’. I believe that the general profile of women entrepreneurs is similar to their male counterparts as they all are generally innovative, risk takers, autonomous, independent, have a high tolerance for ambiguity and possess an internal locus of control. Although some researchers classify the differences between men and women due to their desires, underlying reasons why they wanted to become entrepreneurs, and family duties, they still possess the same personality/profile that is required of any entrepreneur regardless of their gender.

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Female and Male Differences

Helm argues in her paper that men and women have different reasons for entering business and that women have “internal-stable reasons (“I want to be my own boss”), while men have external-stable reasons (“I saw a terrific market opportunity”) (Helm, 1997, p. 17). In contrast, Weiler and Bernasek state the reasons as a more preferable alternative than working in a discriminatory labour market or corporation and that self-fulfillment (rather than profits) is the most significant measure of success for women entrepreneurs. Similar to Weiler and Bernasek’s theory, Buttner and Moore argue that women become entrepreneurs due to the blocks in career advancement as a result of gender discrimination resulting in the popular term “glass-ceiling effect” (women cannot access the highest levels in an organization or corporation due to their gender). This is not a barrier that men face, but I would argue that this type of discrimination can actually strengthen a women’s determination to succeed.

In comparing the management styles of women and men entrepreneurs, Bruni, Gherardi and Poggio explain that women display distinctive features and abilities, “transformational leadership”. This type of leadership/management style encourages positive interactions and trust-based relationships with subordinates with whom they also share power and information. Gundry, Ben-Yoseph and Posig describe this as the “relational” practices engaged by women entrepreneurs. This would include collaborative, decentralized decision-making and an empowered team atmosphere. Their management style emphasizes open communication and “their business goals reflect a concern for the communities in which their businesses resided” (Gundry, Ben-Yoseph and Posig, 2002, p. 72). In contrast to other researchers, Gundry, Ben-Yoseph and Posig stated that women in non-traditional industries value money both as a motivator and the preferred outcome. Yet, Buttner and Moore’s research findings indicate that women’s important goals are for professional growth, development, challenge, and self-fulfillment, while men’s are preferred higher income.

Barriers against female entrepreneurship:

1. Capital Finance

There are many barriers for women entrepreneurs when facing the prospects of starting a new business. Research finds the primary barrier is the access to capital finance. “Lack of access to capital has been a primary obstacle for women entrepreneurs, and recent research suggests it continues to be” (Gundry, Ben-Yoseph and Posig, 2002, p. 72). Helm’s article agrees, stating that “financial aspects of venture start-up management are the biggest obstacles for women” (Helm, 1997, p. 18). This could also include start-up financing and credit, cash flow management in the early operations and financial planning. Research suggests that the primary source of funding for women has been through family loans, personal savings, credit cards, and home equity loans (Gundry, Ben-Yoseph and Posig, 2002). “Whether women entrepreneurs apply to an institutional financier (a bank, a finance agency), a friend, a relative or even her spouse, they are

likely to come up against the assumption that “women can’t handle money” (Bruni, Gherardi and Poggio, 2004, p. 262).

I would argue that the ability to obtain needed capital is a requirement of a successful business, but it is not always viewed as an insurmountable barrier by women entrepreneurs. “Businesses destined to succeed, however, often have little difficulty obtaining start-up and operating capital” (Balderson, p. 36). A new venture can obtain capital through self-funding, corporate partnerships, venture capitalists, corporate investors or even angel investors. There are also early stage venture support organizations (i.e. www.preflightventures.com) that assist entrepreneurs to establish the necessary networks and corporate partnerships to obtain funding sources. Government financial programs are also available to assist women entrepreneurs with the capital required to start and grow their businesses.

2. Lack of Networks

As mentioned earlier, another prominent barrier that women entrepreneurs face is the lack of networks of information, assistance, and mentors:

Networks, which generally are touted as providing valuable information conduits to efficient markets, may once again be at the source of women’s difficulties, as their firms may find themselves struggling against an established male-dominated system of customers, suppliers, and creditors.

(Weiler and Bernasek, 2001, p. 87)

I would argue that networking is a set of interrelated relationships that mutually benefit all that are involved, through sharing and giving resources, information and data, and personal referrals. It seems unfair that women entrepreneur have to create their own “special” gender bias network. Yet, it would be advantageous for women entrepreneurs to create their own sub-network (within the large network system) due to their shared empathy with each other and have built in desires to help each other. In the study of women entrepreneurs by Weiler and Bernasek, they found that due to the gender differences in access to networks, women were excluded from many of the formal and informal networks in organizations and as entrepreneurs (Weiler and Bernasek, 2001). Even if discrimination against women entrepreneurs was no longer an issue, women will still have problems due to the entrenched male networks among the highest strata of jobs. Customer/supplier discrimination is also another hurdle that women have to tackle:

Customer/supplier discrimination could easily be responsible for higher success rates in male-owned firms. Women, in attempting to circumvent the first (employer/network) type of discrimination, only find themselves facing the potentially even greater effects of another (now, customer and/or supplier) discrimination. (Weiler and Bernasek, 2001, p. 99)

Due to prejudice and discrimination, women entrepreneurs start out at a significant disadvantage. Women should create their own sub-network and it should be strong to be an equalizing factor against the gender bias they face. Unfortunately, gender bias and prejudice do exist and it’s real, so women need to form these sub-groups to compensate. I would argue that these sub-networks are required and can be advantageous only if they

are in addition, and not to the exclusion, of others. Women have the advantage of being able to build strong, lasting relationships. This will be extremely beneficial in the future because society is slowly becoming depersonalized with the increasing use of communication technology, such as e-mails, instant messaging, text messaging, teleconferencing, electronic data, etc. Eventually, this system will break down as we rely more on technological distance based communication than more traditional personal communication. The cost of impersonal communication can, for example, result in a decrease of trust (when deals are signed and agreed upon online, through e-mails, etc., yet the parties have never met or spoken). Women have the ability to build strong, lasting, resilient personal relationships that assist them with growing and maintaining their networks.

The Increase of Women Entrepreneurs

Although women entrepreneurs face many barriers that men do not, studies show consistent growth in the number of women who are becoming business owners. Helm's research coincides with Weiler and Bernasek's research that in 1994-1995 there were 7.7 million women-owned businesses in the U.S., generating \$1.4 trillion in sales and employing 15.5 million people. In 1991, 29 percent of all businesses are owned by women (Buttner and Moore, 1997), and have increased to 40 percent at the end of 1999 and employ approximately 27.5 million people (Gundry, Ben-Yoseph and Posig, 2002). Gundry, Ben-Yoseph and Posig also states that in the U.S. and Canada, the number of women-owned businesses has increased at twice the national rate as of 1999. Yet, operating in all industries, women entrepreneurs have "more than tripled in number from 2.5 million in 1980 to 7.7 million in 1994, representing a rate of increase which is double that of male-owned businesses" (Buttner and Moore, 2001, p. 34). In Canadian Entrepreneurship and Small Business Management, the Global Economic Entrepreneurship study found that in the year 2000, 43 percent of entrepreneurs were women. Almost half of the businesses were started by women. What are the practical implications of this increasing trend of women entrepreneurs?

"Entrepreneurial women are a powerful force in the U.S. (and Canadian) economy and are an important resource for helping the nation realize its full economic potential in the future" (Helms, 1997, p. 18)

Practical implications for women entrepreneurs

Women entrepreneurs must recognize that they have certain disadvantages, and face unique challenges, that their male counterparts do not. But recognizing their weaknesses and disadvantages is only one side of the equation, they must also exploit their strengths and unique differences as advantages over their male counterparts as well. As we have seen, women entrepreneurs differ from men in several regards, including their leadership and management style, communication skills, and motivation. Each of these attributes can potentially be used to equalize themselves in the business world. Their tendency towards more personal communication and their ability to form lasting, deeper relationships enables them to create stronger, more loyal networks, than men. This type of barrier-reversal mentality, such as the weakness of establishing broad networks, and

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turning it around to form different types/quality of networks, can be very beneficial. There are certain advantages to being and doing things differently, that woman entrepreneurs can use as a leverage to overcome other biases that are outside of their control. As indicated in the research statistics, women are taking advantage of the momentum and the number of women-owned businesses are increasing and breaking out of the traditional societal norms and expectations of gender stereotypes. At the current rate, not only Canadian and U.S. economies will be affected, but the increase of women entrepreneurs will also have a significant influence globally as well, as more women around the world will aspire, create and sustain successful business ventures.

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