

An Empirical Study on the Gender Difference in Entrepreneurship

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Abstract:

Male and female entrepreneurs differ in the way they operate their business, this difference can be attributed to the type of business they operate, their marital status, kind of family they belong to, educational qualification, the age they started their business and their business experience prior to starting the enterprise.

Such diversity among male and female entrepreneurs triggers curiosity to envisage into the depth of its differences and identify reason leading to it. For centuries entrepreneurship has been considered as a proportion for male, till date it is a man's domain. Apart from economists, psychologists have also described entrepreneurs as 'men'. Lights have been shed on women entrepreneurs recently as they progressed in the field which however led to draw differences between the entrepreneurs on gender basis. A panel of 297 entrepreneurs were selected for this study, the entrepreneurs were compared at a founder level to find similarities and differences in their marital status, educational qualification, family structure, age while starting business, nature of business and business experience of the entrepreneurs prior to starting business. As the variables chosen were at nominal level, chi square analysis was applied to analyze difference

between them. Statistically significant difference was observed between gender and type of business, business experience, marital status and family structure of the entrepreneurs. However educational qualification and age at the time of starting the business were found to be independent of gender.

Key words: Entrepreneurs, age, marital status, educational qualification, nature of business, family structure and business experience.

INTRODUCTION

'No two entrepreneurs are the same', the difference among them are in respect of age, kind of business they operate, their background and experience, educational qualification, etc. Such diversity among male and female entrepreneurs triggers curiosity to envisage into the depth of its differences and identify reason leading to it. For instance, they may differ because their societal opportunities are unevenly distributed or as a result of different upbringing or because of different expectation from its family for instance women are expected only to help in household activities and thereby they are discouraged to be an entrepreneur and men on the other hand are expected to work because they are considered the bread earner of the household. For Centuries entrepreneurship has been considered as a proportion of male, till date it is a man's domain. Apart from economists, psychologists have also described entrepreneurs as 'men' Collins and Moore (1964) in their book on "The Enterprising Man" noted that men who go the entrepreneurial way were not remarkably likeable people. Though it started off as gender specific but it is no longer specified to male alone. Influenced by different forces female folks made its appearance in the entrepreneurial field, while a number of research studies reveal a growing number of women entrepreneurs and women-owned businesses, findings show

that the level of male entrepreneurial activity is still higher compared to that of women and was observed that self-employment rates of female are about half the rates for male (Minniti *et al.* 2006). The current scenario depicts a rate of new business creation by women significantly outpacing the rate of new business created by men across all ethnic groups in the United States. It has been observed in India in the recent years that the rate of new business owned by female has increased significantly and the similar trend has been found in most of the developed and developing nations. Lights have been shed on women entrepreneurs recently as they progressed in the field which however lead to draw differences between the entrepreneurs on gender basis, studies show that Male and female entrepreneurs differed significantly on marital status as male entrepreneurs are usually found married with wives assuming supportive traditional role. Husbands of married female entrepreneurs tend to be less supportive as they usually have their respective job or business which is often considered as the primary source of livelihood of the family and thereby sidelined the wife's activity. Women entrepreneurs have less stable marriage, they were usually divorced mostly single or widowed.

Cross-national empirical studies report significant differences in female and male entrepreneurial activity, with various factors affecting small business performance across countries. Such gender differences are significantly and systematically observed, and they vary across countries in GDP and region. In general, women owned businesses are of smaller size compared to those of their male counterparts. Many female opt for entrepreneurship out of necessity as the income of the male in the family cannot suffice the growing need of the family, as such the gender difference in the start-up activity are significantly prevalent in middle-income countries whereas they tend to be narrower in lower-income countries. Evidence also suggests that propensity to start business by male and

female entrepreneurs differ and the aspiration for growth too, most of the female enter into low risk and low income business with a mere effort of survival.

The scope for this paper will be limited to a selected start-up characteristic of the entrepreneurs which include their age at the time of venturing to business, family structure, marital status, educational qualification, type of business they operate and business experience prior to establishment. The study will investigate the difference between female and male entrepreneurs on the variables chosen.

OBJECTIVES OF THE STUDY

The present study has been specifically concentrated on identifying the difference between the male and female entrepreneurs on the following ascribed factors:

1. Age at the time of establishing their business.
2. Family structure of the entrepreneurs.
3. Marital status of the entrepreneurs.
4. Educational qualification of the entrepreneurs.
5. Type of business they operate.
6. Business experience prior to establishing their current business.

HYPOTHESIS

There is significant difference between male and female entrepreneurs with regard to their entrepreneurial tendencies, the sub hypothesis are:

1. There is no significant difference as regard to the age of starting enterprise, family structure, marital status and educational qualification of the male and female entrepreneurs in Nagaland.

2. There is no significant difference among male and female entrepreneurs in their ascribed factors like type of business, business experience prior to establishment.

REVIEW OF LITERATURE

Over the last few years, there has been a sea change in the growth of research studies on the gender difference of entrepreneurs. Studies on gender differences in entrepreneurship have indicated that while post-venture creation (retrospective) studies find little or no differences between men and women entrepreneurs, pre-venture (prospective) studies and theories suggest that there may indeed be significant differences between men and women in terms of their motivations, inclinations, and intentions to start a business. Furthermore, this gap in entrepreneurial activity varied significantly from country to country ranging from a 5 to 1 ratio in Japan to a 1.04 to 1 ratio in Thailand (Reynolds *et al.*, 2002). Scherer, Brodzinski, & Wiebe (1990) also found that males have a higher preference for entrepreneurship than females. As women entered into the entrepreneurial scenario later than men, Females tend to have less business experience (Fischer *et al.*, 1993) and their businesses are usually undercapitalized (Carter, 2000; Marlow & Patton, 2005). Lesser capital invested by female could also be an indication of some researchers note that women entrepreneurs have less confidence in their own capabilities (Verheul & Thurik, 2001).

Age of people also shape their behavior toward entrepreneurship as studies suggest that age of the person depicts the increase in experience and it has been the basis of experience and growth evaluation for various learning. Studies suggest that the person's age has been considered as a key demographic characteristic in understanding his or her entrepreneurial behaviors and intentions (Reynolds, 1997). Women set up their business in the later stage of life (35 years)

as found in a comparative study of genders selected from four cities of India (Shrivastva 1994). The women in this study were equally educated as men (graduate and above) but men had more professional qualification than women. The type of business operated by the entrepreneurs also differed as women were mostly in services while men were in manufacturing and for those women they belonged mostly to nuclear families compared to men, nuclear families has less family responsibilities and obligations which didn't become a hindrance for them to venture into commercial activity. The genders also came from very different educational and business experience backgrounds. The skills of people might improve with the age (Welmsilla *et al.*, 2011). It is believed that as an individual increase in age the need to earn and live a comfortable life increases which is supported by the studies on entrepreneur in developing countries, The entrepreneurs are in 25-34 age groups at an early stage and 35-44 age groups are of early stage entrepreneurs in the developed countries (Bosma *et al.*, 2007; Karadeniz & Özçam, 2009). According to them, among 18-24 age groups, the rates of early entrepreneurial activities are relatively low, but are at a peak amongst 25-34 age groups but then sharply decline above the age of 44.

The background variable studied by Dhillon & Powland (1995) on women and men entrepreneurs reflected the similarity between them except on age, educational qualification and income. Women were found much older than men, less educated (contrary to other findings) and had higher annual income (similar to the findings of Hisrich & Bush, 1996) Overall, scholars agree that as female-led businesses tend to be smaller in size, they are "cheaper" to finance than those led by male counterparts (Hill *et al.*, 2006). Their business growth is slower, suggesting a preference for lower risk and lower confidence (Langowitz & Minniti, 2007; Verheurl *et al.*, 2006), Men are more likely than women to build empire or enter new market (Still & Timms, 2000).

The study conducted by Shrivastava (1994) depicts the normal route to entrepreneurship for male entrepreneurs was to venture into same line of business where they had prior experience in both technical and managerial terms, the experience acquired from previous employer. Whereas the female entrepreneurs plunged into business without such prior experience.

A comparative studies on gender in United States of America by Stevenson(1993) found that women entrepreneurs generally were better educated than male entrepreneurs, but more very often they did not have an educational background in business, women were also less likely to have previous management experience, they also did not have any experience relevant to the business venture initiated and neither had specific knowledge of the business nor managerial experience before embarking on the business.

SAMPLING DESIGN

The study was conducted on a sample of 297 entrepreneurs belonging to various sectors in Nagaland. Random sampling was adopted to select the enterprise/entrepreneurs. Out of 297 entrepreneurs so selected 147 were male and 150 were females. The sample of the study was drawn from the urban areas of three districts in Nagaland, namely, Kohima, Dimapur and Mokokchung. The districts were selected based on the number of registered entrepreneurs as per the state's statistical handbook 2013. It has been identified that the above given districts had the highest number of registered entrepreneurs in the year 2012-13. Such selected entrepreneurs/ enterprise represent different kind of ownership viz., sole proprietorship, partnership firms and private limited companies. The respondent entrepreneurs have educational qualification such as matriculate, undergraduate, graduate and post graduate.

They also belong to different age group, having different marital status, religion and different family backgrounds.

ANALYSIS OF STUDY

The entrepreneurs were compared at a founder level to find similarities and differences in their marital status, Educational qualification, family structure, age while starting business, nature of business and business experience of the entrepreneurs prior to starting business. As the variables chosen were at nominal level Chi square analysis was applied to analyze difference between them.

SURVEY RESULT

Marital status has been brought to light since marriage and family responsibilities are challenges for an entrepreneur that may undermine the success of business, such responsibilities determine and influence the chosen line of work or career to a great extend especially for women entrepreneurs.

Fig 1.1 Marital Status of male and female entrepreneurs

Marital status of the Respondents	Gender of the respondents		Total
	Male	Female	
Single	37	57	94
Married	108	79	187
Divorced	1	5	6
Widowed	1	9	10
Total	147	150	297

df= 3, $\chi^2 = 17.791$, $p > 0.001$

As depicted in figure 1.1 majority of the respondents are married though the marriage profile of male and female entrepreneurs are portrayed as different. 73.5% of the male entrepreneurs are married, 25.2% are single, 0.7 % is divorced and 0.7% is widowed. 52.7% of the female entrepreneurs are married, 38.0% are single, 3.3% divorced and 6% are widowed.

Significant difference was observed among the genders, however higher percentage of women entrepreneurs was single as compared to male and a striking difference in the percentage of divorced and widowed entrepreneurs. As has been the tradition of humanity that women are responsible to take care of family and home once they are married is clearly indicated in the lower number of married female entrepreneurs compared to male of the same category. However the Null hypothesis was rejected with $p > 0.001$ and thus there is significant relationship between gender and marital status of entrepreneurs.

It was found in the study conducted by Loscocco, 1991; Tigges & Green, 1992 that Female entrepreneurs have "double assignments"; i.e. they are running an enterprise and a household at the same time. These "double assignments" may limit the time female entrepreneurs spend on their businesses and hence the numbers of single, widowed and divorced female entrepreneurs are higher compared to male entrepreneurs in this study.

Fig 1.2 Family Structure of the Respondents

Family Structure of the Respondents	Gender of the respondents		Total
	Male	Female	
Joint	17	6	23
Nuclear	130	144	274
Total	147	150	297

$df = 1, \chi^2 = 5.947, p > 0.015$

A comparative analysis of the data depicted as revealed in figure 1.2 it is observed that 11.6% of the male entrepreneurs belonged to joint family compared to female entrepreneurs 4%. It was also observed that majority 96% of the female entrepreneurs belonged to nuclear family as compared to male entrepreneurs 88.4%. However the difference was statistically significant indicating that there was difference between gender and family structure of the entrepreneurs $\chi^2 = 5.947, p > 0.015$.

Other Studies conducted on the same line supported the same result; it states that the nuclear family structure was predominant among entrepreneurs in urban areas. Rani. C (1992) in her study on women entrepreneurs found that 78% of entrepreneurs from the small scale sector belonged to nuclear families. Women entrepreneurs belonged more to nuclear families than men in a comparative study conducted by Srivastava (1994).

Fig 1.3 Educational level of the Respondent

Educational level of the Respondent	Gender of the respondents		Total
	Male	Female	
Illiterate	12	18	30
Matriculate	30	28	58
Undergraduate	26	27	53
Graduate	51	55	106
Post Graduate	28	20	48
Others	0	2	2
Total	147	150	297

df= 5, $\chi^2 = 4.742$, $p < 0.448$

It was found in figure 1.3 that 8.2% of the male respondents are illiterate, 20.4% are matriculate, 17.7% are undergraduate, 34.7% are Graduate, 19% are post graduate. While 12% of the female respondents are illiterate, 18.7% are matriculate, 18% are undergraduate, 36.7% are graduate, 13.3% are Post graduate, 1.3% is others. The apparent difference was not found to be significant.

Fig 1.4 Nature of business

Nature of business	Gender of the respondents		Total
	Male	Female	
Manufacturing	12	4	16
Retail	54	39	93
Wholesale	9	9	18
Manufacturing & Trading	32	31	63
Service	40	67	107
Total	147	150	297

df= 4, $\chi^2 = 12.041$, $p > 0.010$

Figure 1.4 indicates that a larger number 44.7% of enterprising women belonged to service sector as compared to male entrepreneurs 27.2%, 26% of the female entrepreneurs were enterprising at retail sector while 36.7% of male entrepreneurs belong to the same sector which was comparatively higher than female entrepreneurs. Only 2.7% of the female entrepreneurs were enterprising at manufacturing sector which is very less compared to male entrepreneurs 8.2%, there was less difference identified between the male 21.8% and female entrepreneurs 20.7% in the manufacturing and trading unit whereas there was no observed difference in the wholesale sector between the female entrepreneurs 6% and the male entrepreneurs 6.1%. However the difference was statistically significant and thus the nature of business is dependent on the gender of the entrepreneurs.

As per the report of OECD, 1998 Male and female entrepreneurs work in different sectors. Female entrepreneurs are overrepresented in the retail- and service sectors, in particular in personal services. While the study of Van Uxem & Bais, 1996 shows that Male entrepreneurs are overrepresented in manufacturing, wholesale trade and financial services.

Fig 1.5 Business experience before starting the present business

Business experience before starting the present business	Gender of the respondents		Total
	Male	Female	
Yes	65	40	105
No	82	110	192
Total	147	150	297

df= 1, $\chi^2 = 10.006$, $p > 0.002$

As depicted in the figure 1.5, it is apparent that male entrepreneurs 44.2% have higher business experience compared to female entrepreneurs 26.7%. And majority of the female entrepreneur 73.3% started off their business fresh and inexperienced while majority of the male entrepreneurs 55.8% started it off without prior experience but were comparatively

lesser to the female entrepreneurs. Thus there is statistical significance and hence can be said that business experience is dependent on gender.

It is evident from the result that business in Nagaland has been adapted by male first and female entered the scene later either compelled by economic factor or motivated by the market scenario, identification of business opportunity, facilitated factors or the success stories of entrepreneurs.

Various studies correlates with the business experience among gender prior to establishing their own business, Men are more likely to have been employed prior to the start-up of their business and tend to have more working experience (Van Uxem & Bais, 1996; Welsch & Young, 1982). Men are also more likely to have earlier entrepreneurial experience (Fischer *et al.*, 1993, Kalleberg & Leicht, 1991). Additionally, they have more industry experience and experience with human resource management, financial management and the application of modern technologies (Fischer *et al.* 1993, Van Uxem & Bais, 1996).

Fig 1.6 Age at the time of starting business

Group of Age at starting	Gender of the respondents		Total
	Male	Female	
16-25	53	49	102
26-35	71	77	148
36-45	17	21	38
46-55	5	3	8
56 and above	1	0	1
Total	147	150	297

df= 4, $\chi^2 = 2.291$, $p < 0.682$

As depicted in Fig 1.6, 36.1% of the male respondents were between the age group of 16-25, 48.3% were between the age group of 26-35, 11.6% were between the age group of 36-45, 3.4% were between the age group of 46-55, 0.7% were 56 years and above. While 32.7% of the female respondents were

between the age group of 16-25, 51.3% were between the age group of 26-35, 14% were between the age group of 36-45, 3.4% were between the age group of 46-55, 2% were 56 years and above. The analysis shows a $p < 0.670$ and thus it can be said that there is no significance between gender and the age of entrepreneurs while starting the enterprise.

CONCLUSION

The focus of this study is on the difference between male and female entrepreneurs with respect to Marital Status, Family structure, educational level, Nature of business, Business experience before starting business and age at the time of starting business. The result show evidence that there is significant difference between gender and marital status of the entrepreneurs, as women have dual responsibility of looking after family and business the number of single women were much higher compared to men. The percentage of women belonging to joint families were lesser compared to men as the responsibilities of people belonging to joint families tend to be more compared to nuclear families which is why the number of women entrepreneurs belonging to nuclear families were more, the difference was found statistically significant. Education has always been considered as important for opening up career opportunities and women across the world has been doing equally well with men for attainment of education and the difference between gender and educational level was found insignificant as opposed to the study conducted by Brush, 1992 stating Male and female entrepreneurs differ with respect to experience and education. By and large, female entrepreneurs have smaller businesses than men. The smallness of female entrepreneurial activity can be related to the sector of their business, e.g. sectors with low barriers to entry, high competition and low profit margins, and the relatively high proportion of part-timers among female entrepreneurs. Their

smallness becomes manifest in several ways, like low returns, a small workforce (if any) and a small amount of start-up capital (Van Uxem & Bais, 1996) as such women in this study were found concentrated more on Service sector compared to men who were comparatively higher in manufacturing, retail etc and found the relationship between gender and nature of business statistically significant. As has been stated by the study of Brush 1992, men and women entrepreneurs tend to differ in experience; the present study also shows there is statistical significance and hence said that business experience is dependent on gender. However the study shows no significant difference men and women entrepreneurs regarding the age of starting their business, most of the entrepreneurs have started their business between the age group of 26-35.

The present study still reveals areas deserving further investigation, evidence suggests that a variety of factors contribute to explaining observed differences in entrepreneurial behavior across genders and such differences have significant implications at the macroeconomic level. Considering the limited number of districts undertaken for the study which also explains a limitation in explanatory variables, future research can focus on taking in bigger area for investigation and possible effect of a variety of factors could be considered. Although only six traits were examined in this paper, the study should mark the beginning of a stream of research on why female entrepreneurs differ from male entrepreneurs and identify factors contributing to the success of male entrepreneurs to enhance the development of female entrepreneurs.

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