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***THE ENTREPRENEURIAL PROCESS AND THE ROLE OF GENDER: A  
COMPARATIVE STUDY OF ENTREPRENEURS IN THE BUSINESS SERVICES AND  
TECHNOLOGY SECTORS IN SCOTLAND***

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**PhD**

**2012**

***THE ENTREPRENEURIAL PROCESS AND THE ROLE OF GENDER: A  
COMPARATIVE STUDY OF ENTREPRENEURS IN THE BUSINESS SERVICES AND  
TECHNOLOGY SECTORS IN SCOTLAND***

**GEMMA KEARNEY**

**A thesis submitted in partial fulfilment of the requirements of**

**Robert Gordon University**

**for the degree of Doctor of Philosophy**

**October 2012**

## **Acknowledgements**

Thank you to Professor Elizabeth Gammie for giving me the opportunity to undertake my PhD studies, this is much appreciated. Thanks also to Professor Gammie for her ongoing support, patience and expertise throughout the process. Many thanks to Susan Moulton and Dr. Sarah Drakopoulou-Dodd for their guidance and encouragement. Thank you to Professor Alistair Anderson for taking the time to help supervise my thesis and for his knowledge and words of wisdom.

I am also very grateful to the entrepreneurs who generously gave their time to take part in this research. Their participation is much appreciated and the study could not have occurred without their valuable input.

Thanks also to my family and friends for their ongoing encouragement and support during my studies.

## **Abstract**

The comparatively low levels of entrepreneurship in Scotland and in particular, low rates of female entrepreneurship are well documented and have been the focus of numerous government policies. In addition, there are specific issues regarding female entrepreneurship and whilst current literature broadly agrees that female owned businesses lag behind male owned business in terms of size and growth of the enterprise, the reasons for these differences are highly contested with no comprehensive explanations. This thesis seeks to explore the entrepreneurial process and the lived experiences of male and female entrepreneurs in Scotland to help shed further light on the situation.

Utilising a phenomenological approach and deliberately avoiding leading participants on the issue of gender, the fieldwork yielded insights into gender and entrepreneurship in the Scottish context. The heterogeneity of female entrepreneurs became apparent, leading to the emergence of a new typology regarding how these entrepreneurs perceive and manage their gender. Further key findings also include the pivotal importance of the role of sector on the entrepreneurs' experiences and the influence of their previous education and work experience on their entrepreneurial experiences. Similarities also emerged between male and female entrepreneurs in their experiences and attitudes towards a number of issues in entrepreneurship. Exploring the research findings through the theoretical lenses provided by Liberal Feminism, Social Feminism and the Theory of Effectuation helped to derive useful insight that contributes towards the calls for a new 'female entrepreneurship theory'.

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## CHAPTER 1

### RATIONALE OF RESEARCH

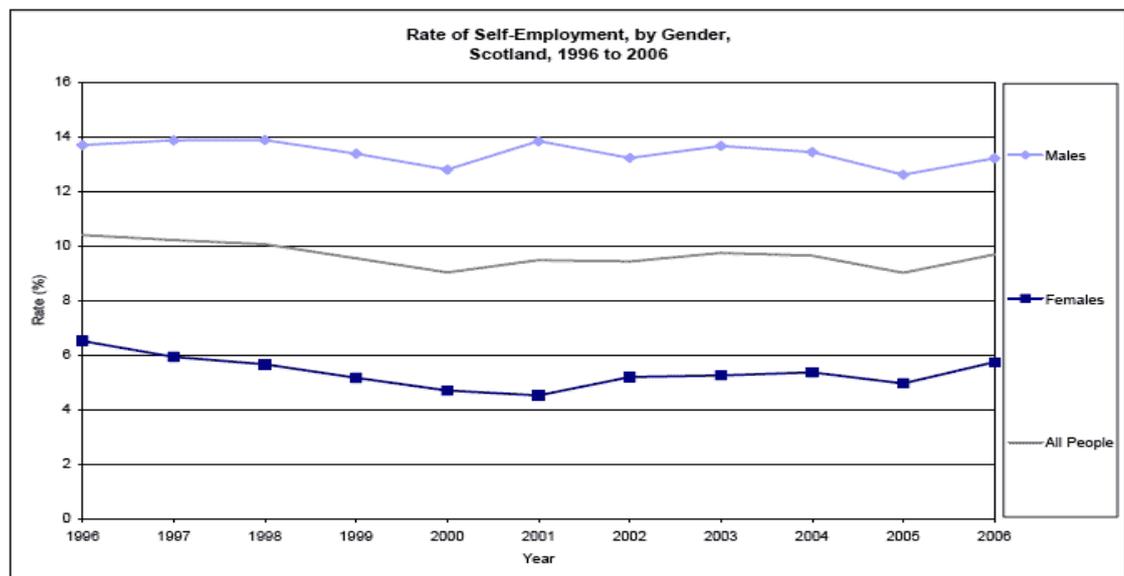
#### **1.1 Introduction**

The purpose of this thesis is to explore the experiences of entrepreneurs in Scotland, specifically the entrepreneurial process that they engage in, to decipher if there are any differences between male and female entrepreneurs and to understand any possible implications due to the entrepreneurs' gender. Furthermore, by considering male and female entrepreneurs who are operating in two very different sectors, the research provides a forum for any possible differences to emerge. This will also help to increase understanding as to whether any differences are due to gender or alternatively if they reflect operating circumstances or the context in which the entrepreneurial process takes place.

There are a number of reasons that this particular area of research has been selected. Firstly, the experiences of entrepreneurs in the Scottish context are of particular interest due to the comparatively lower levels of entrepreneurship in Scotland than in other countries. For example at the time of the research, of the high income/innovation driven nations surveyed by the Global Entrepreneurship Monitor in 2008, the average rate of Total Early-Stage Entrepreneurial Activity was 6.7%, however, in Scotland the rate was much lower at just 4.4% (Levie and Mason, 2009). Scotland's rate of entrepreneurial activity was also lower than the UK average of 5.6%, and was the second lowest rate of any UK region (*ibid*). Thus there was less entrepreneurial activity in Scotland than in comparable countries or regions. Additionally Scotland's rate of economic growth has also lagged behind that of comparable countries (Scottish Government, 2007). Thus a key strand of government policy in Scotland has been to encourage entrepreneurial activity to help stimulate growth in the economy. A number of obstacles to entrepreneurship which are specific to the Scottish context have been identified, prompting a range of government initiatives to be launched to help overcome these obstacles to increase entrepreneurship and reap the perceived economic benefits. This renders Scotland a particularly interesting geographical case for study, where the experiences of the relatively rare entrepreneurs may be insightful and could shed further light on the comparably lower levels of entrepreneurship in the country.

Within these lower levels of entrepreneurship, the rates of female entrepreneurship are a cause for concern. Globally female entrepreneurship is less prevalent than male entrepreneurship and on average, male participation rates in entrepreneurship are approximately 50% higher than female rates (Minniti *et al.*, 2004, p16). This statistic is relatively stable and in most high income countries men are approximately twice as likely to be entrepreneurially active as women (Hart and Levie, 2010). There is a particular deficit of female entrepreneurs in Scotland, where the percentage of female to male early-stage entrepreneurial activity was a mere 39% in 2007/08 giving Scotland the second lowest rate of any UK region (Levie and Mason, 2009). Furthermore, this lower level of female entrepreneurship has been a persistent facet of the Scottish economy for many years, as illustrated in Figure 1.1 below:

**Figure 1.1 The Rate of Self-Employment by Gender in Scotland 1996-2006**



(Source: Scottish Executive, 2006a).

Thus, not only does the rate of entrepreneurship in Scotland lag behind other countries, but the rate of female entrepreneurship is also lower in Scotland, which further compounds the issue, producing a compelling case for further study. To fully understand why women are less likely to participate in entrepreneurship, it is important to consider the structure of society and ‘expected’ gender roles to explore how these factors may combine to produce this effect. In an attempt to unravel the various underpinning factors, a comprehensive understanding of women’s position and how this is conceptualised in society, expectations of gender and work; and the impact of the relatively recent changes in education, work and caring roles is required. It is through exploring these factors within the entrepreneurial

process, this research can help further understanding of the impact upon women's experience of entrepreneurship and how this translates into acquiring the human, social and financial capital that is applied in the entrepreneurial process.

The experiences of female entrepreneurs are also of interest from an economic perspective as low levels of female entrepreneurship have a negative impact on a nation's economic development and growth (O'Gorman and Terjesen, 2006). Notably, despite their low numbers, female entrepreneurs make a significant contribution to the UK economy, providing an estimated £50 - £70 billion annually of the gross value added by business (Small Business Service, 2005). Therefore, the potential exists for female entrepreneurs to contribute even more if their participation rates could equal those found elsewhere, as emphasised by the former Minister for Trade and Industry: *'Boosting the number of women entrepreneurs is crucial to the future success of the UK economy. If we had the same rate of female owned start-ups as in the USA, we would have 750,000 more businesses, which would have a major impact on the prosperity of the country'* (Alan Johnson, Trade and Industry Secretary UK Government, 2005).

However, despite their potential to contribute to the economy, there is a well documented lack of research into female entrepreneurship (Pellegrino and Reece, 1982; Bowen and Hisrich, 1986; Birley *et al.*, 1987; Brush, 1992; Rosa and Hamilton, 1994; Baker *et al.*, 1997; Holmquist, 1997; Mukhtar, 1998; Menzies *et al.*, 2004). Moreover, existing research has highlighted a number of established differences in the characteristics of female run businesses. For instance, current research has found that that women-owned businesses tend to be smaller than men-owned businesses in terms of standard business measurements such as, turnover or number of employees (Kalleberg and Leicht, 1991; Loscocco *et al.*, 1991; Rosa *et al.*, 1993; Fabowale *et al.*, 1995; Carter and Allen, 1997; Mukhtar, 1998; Orser *et al.*, 2000; Verherul and Thurik, 2001; Watson and Robinson, 2003; Atkinson and Hurstfield, 2004; Marlow and Carter, 2004; Brush *et al.*, 2006; Coleman, 2007; Fairlie and Robb, 2009; Shaw *et al.*, 2009). Women-owned businesses have also been found to have lower growth rates (Fischer *et al.*, 1993; Cliff, 1998; Scottish Enterprise, 2005; Alsos *et al.*, 2006). Nonetheless, although there is ample evidence to support these characteristics, there remain no conclusive explanations as to *why* these findings occur.

The crux of possible explanations centres on the relative influence of discrimination or the role of gender socialisation, with differing opinions in the literature as to whether women

operate their businesses in a different manner from men due to discrimination or as the result of their socialisation. Consequently, many questions regarding female entrepreneurship remain unanswered and there are calls for more research to help further understand the situation (Brush, 1992; Rosa and Hamilton, 1994; Holmquist, 1997; Mukhtar, 1998; Greene *et al.*, 2003; Menzies *et al.*, 2004; Alsos *et al.*, 2006).

Notwithstanding these issues, it is important to note that the survival rates of women owned ventures are comparable to those of male owned ventures (Chaganti, 1986; Kalleberg and Leicht, 1991; Perry, 2002). Moreover, Watson (2002) after relating business inputs to outputs and controlling for varying factors found that '*there were no significant differences in the performances of male and female controlled businesses*' (p99). Therefore it seems that the ventures that female entrepreneurs start are as likely to survive as those launched by male entrepreneurs. So although the operational characteristics of female run businesses are different from those of male run, survivorship seems similar.

Nonetheless a critique of previous research is that there are a lack of studies that compare the experiences of male and female entrepreneurs (Riding and Swift, 1990; Kalleberg and Leicht, 1991; Brush 1992; Read, 1998; Mukhtar, 2002). This is problematic as Fischer *et al.* (1993) note that hypotheses that assert that women are disadvantaged cannot be tested if men are not included in the study. This is because these studies suffer from the lack of a control group with which to compare the results (Riding and Swift, 1990). Therefore by including both men and women in the sample this research can analyse the impact, if any, of the entrepreneurs' gender on the entrepreneurial process.

Moreover, female entrepreneurs are not a homogeneous group (Holmquist, 1997; Warren and Walters, 1998; McGregor and Tweed, 2002; Marlow and Carter, 2004; Sarri and Trihopoulou, 2005; Constantinidis *et al.*, 2006; Hill *et al.*, 2006). Indeed, it would clearly be an oversimplification to assume that just because businesses are run by female entrepreneurs that they would somehow be the same. Yet acknowledging the heterogeneity of female entrepreneurs is often overlooked and one critique of current research is that this heterogeneity has not been considered and as a result differences between women have been under-emphasized (Mirchandi, 1999) or often even ignored (Haines *et al.*, 1999; Hill *et al.*, 2006) leading to calls for research which explores the differences between female entrepreneurs (Sonfield *et al.*, 2001; Marlow and Patton, 2005;

Hill *et al.*, 2006). Thus explanatory research into female entrepreneurship must be cognisant of the differences *between* female entrepreneurs.

This research seeks to understand the entrepreneurial experiences of female entrepreneurs in Scotland. To do so it is important to consider the entrepreneurial process as Jack and Anderson (2002) highlight '*in order to understand entrepreneurship, we need to move away from considering the entrepreneur in isolation and look at the entrepreneurial process*' (p467). As such the experiences of the entrepreneurs with regards to the journey that they undertook and their possession of the relative human, social and financial capital will be considered to more fully understand their experiences. Moreover, by exploring the entrepreneurial process experienced by both male and female entrepreneurs, the opportunity is provided for their lived experiences to be compared and contrasted and any possible gender differences identified. Therefore studying both male and female entrepreneurs in two highly diverse sectors, presents the opportunity for any possible intra-gender differences to emerge.

To help understand the differences between the male and female entrepreneurs and to understand if there are any intra-gender differences present, a qualitative research methodology was adopted. In particular, a phenomenological approach was invoked essentially to allow the researcher to capture and understand the experiences of the respondents. The strength of this approach was that it allowed detailed data to be collected about the lived experiences of the entrepreneurs to further understand the entrepreneurial process.

Thus semi-structured, in-depth interviews were conducted with male and female entrepreneurs in both the technology and business services sectors in Scotland. Four entrepreneurs participated in the pilot study, with thirty-two entrepreneurs then interviewed for the main study. Rich, detailed data was collected, which the researcher coded and analysed utilising the Constant Comparative Method. This iterative method enabled the researcher to explore the data in depth and gain a fuller understanding of the respondents' entrepreneurial experiences.

The business services and technology sector were selected for inclusion in the research because they are of particular importance to the Scottish economy. Indeed one of the aims of the governments' Business Birth Rate Strategy was to increase the number of start-up businesses in these two key sectors (Scottish Enterprise, 2000). Given the broad nature of

the Business Services sector, there is no clearly defined category in the government produced statistics. However, the 'Other Business Activities' sector, which includes a diverse range of services such as recruitment, business consultancies, security, advertising and accountancy, has grown faster than the Scottish economy as a whole, with an average GDP growth of 2.9 per cent per year between 1999 and 2005 compared to 1.9% overall (Scottish Executive, 2006b). This sector also employed over 224,000 workers in 2004, only slightly less than the manufacturing sector (Scottish Executive, 2006b).

The technology sector is also of particular importance to Scotland. For example, although Scotland only has 9% of the UK population it produces 15% of its academic science base (Collinson, 2000). Additionally, Scottish universities generate higher levels of spin-out companies than either the UK as a whole, the US or Canada, at a rate of 4.1 spinouts per million of the population compared to 2.8, 1.6 and 1.4 respectively (Scottish Executive, 2006c). However, despite the importance of the sector '*there are few new technology businesses in Scotland run by women*' with only 8% of technology companies in Scotland led by women (Scottish Enterprise, 2005, p21) and female technology entrepreneurs remain little researched (Deakins *et al.*, 2002). This presents the opportunity to undertake research into the sector to help understand the effects, if any, of gender.

Adopting this research approach also enables the possible heterogeneity of female entrepreneurs to emerge. By studying female entrepreneurs in two different sectors, comparisons can be drawn and differences explored and possible differences due to sector highlighted. Including male entrepreneurs in the sample from both sectors also permits the researcher to consider if there are genuine difficulties presented by gender or if these are simply difficulties that all entrepreneurs experience regardless of gender.

To summarise, the presence of these intertwined and multifaceted issues renders a clear mandate for further research. The salient literature highlights the complexity of the issues and the difficulties inherent in providing conclusive explanations for the findings. Therefore to help contribute to the understanding of the area, further research is required. The number of possible intriguing explanations for the differences between male and female entrepreneurs' businesses makes understanding the disparate findings a difficult task. In order to help understand the various findings in the literature, three different theoretical paradigms have been enlisted. Two of these theories originate from feminist theory and are Liberal and Social Feminism, whilst the third is an entrepreneurship theory, the Theory of Effectuation. Utilising these theoretical lenses as a framework through

which to collate and explore both current research findings and the findings emerging from this research, provides the researcher with both a rich theoretical base to draw from and a solid grounding for potential explanations to emerge from. The aims and objectives of the research will now be expanded upon.

## **1.2 Aims and Objectives**

The aim of this research is to explore the experiences of entrepreneurs in Scotland to shed more light on the entrepreneurial process and to help understand if there are differences arising from the entrepreneurs' gender. Specifically, the research is concerned with understanding the impact, if any, of the entrepreneur's gender on the entrepreneurial process. Comparing and contrasting the experiences of both male and female entrepreneurs, may help to isolate and therefore allow the identification of any gender specific differences. Furthermore, the research explores the entrepreneurial process in two different sectors, the business service sector and the technology sector, to further identify any possible differences that operating in different sectors may confer.

The research seeks to avoid the possible generalisations inherent in gender based research and instead unpack and explore any nuances, conscious of the knowledge that female entrepreneurs are a heterogeneous group. By adopting a phenomenological approach, this research seeks to produce an understanding of the lived experiences of the entrepreneurs and seeks to help contribute by offering an understanding of the issues involved and the possible influence of gender. To summarise, the research question is:

*'Are there differences in male/female entrepreneurship and what theories offer the best explanation?'*

## **1.3 Research Objectives:**

- To increase understanding of the entrepreneurial process and in particular the influence of gender in this process;
- To understand the lived experiences of male and female entrepreneurs in the geographical area of Scotland;

- To consider the possible implications of operating in different sectors on the entrepreneurial process;
- To highlight any possible intra-gender differences;
- To explore the findings through the paradigms proposed by three alternative theories, Liberal Feminism, Social Feminism and the Theory of Effectuation to propose theoretical explanations for the findings.

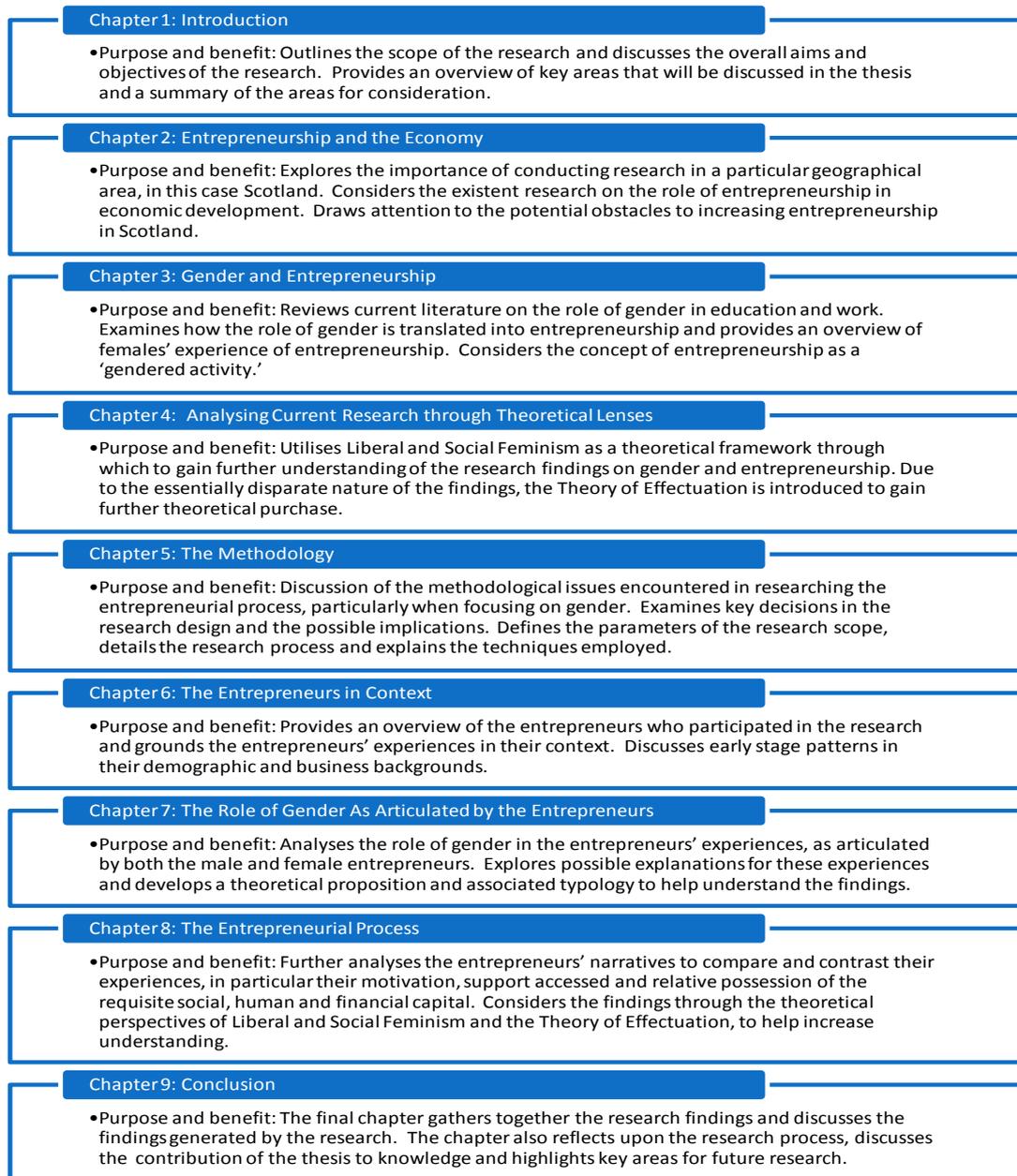
#### **1.4 Structure of the Thesis**

The introductory chapters will examine the background of the research and ground the study in its geographical, temporal, contextual and theoretical roots. Hence, Chapter 2 will discuss the Scottish economy to explain why research into the Scottish situation is justified. Possible underlying barriers to entrepreneurship in the Scottish context will also be identified to place the study in its geographical context. Chapter 3 is concerned with the prevalence of female entrepreneurship in Scotland and again possible impediments will be scrutinised. A review of the pertinent theoretical concepts will then be undertaken to establish the appropriate theoretical lens with which to underpin the analysis of the empirical fieldwork. Thus the tenets of Liberal Feminism, Social Feminism and the Theory of Effectuation and the alternative paradigms that they provide, will be described to provide a framework through which to help understand the findings. The entrepreneurial process and the various types of capital that are required to engage in entrepreneurship and the role of gender in the acquisition and possession of Human, Social and Financial Capital will be discussed in Chapter 4. Following the review of the key aspects of the literature and cognisant of the recommendations emanating from previous research, Chapter 5 will examine the methodological issues inherent in conducting the research. The issues involved will be debated and the selection of the methodological framework justified.

Chapter 6 introduces readers to the entrepreneurs in the research sample, providing an anonymous overview of the entrepreneurs and their background in order to set the context for the research. The entrepreneurs' articulation of the impact of gender on their entrepreneurial experience will be discussed in Chapter 7, with an in-depth analysis of the research findings and a consideration of traditionally gendered concepts such as the work-life balance. Chapter 8 focuses on the entrepreneurial process and specifically compares

the experiences of the male and female entrepreneurs and their relative possession of the requisite Human, Social and Financial Capital. The thesis concludes in Chapter 9 with reflection upon the research undertaken, the findings generated and the contribution made to knowledge. Useful recommendations emanating from the findings will be made, which aim to be of benefit to the sphere of entrepreneurship support and public policy. The limitations of the research will be acknowledged and discussed, with key areas for future research identified. Overall the thesis aims to add to the existing body of knowledge and be of benefit to academics, practitioners and policy makers. The key areas of the thesis and the benefit of each chapter are illustrated in Figure 1.2 overleaf:

Figure 1.2 Structure of the Thesis



## CHAPTER 2

### ENTREPRENEURSHIP AND THE ECONOMY

#### **2.1 Introduction**

The aim of this chapter is to consider the role of entrepreneurship in the Scottish economy to further understand why research should be conducted in this subject. Moreover, the importance of considering the particular geographical context is emphasised by Spilling and Gunnerd Berg (2000) who argue that entrepreneurship is a product of both its environment and geographical context. Indeed, different regions have varying abilities to transform new business entry into business growth. The factors that impact upon this include; variations in the quality of start-ups from region to region; the availability of resources such as the required infrastructure; the availability of venture capital and qualified labour or the existence of competition (Fritsch, 2008). Therefore if geographical factors influence and shape the context for entrepreneurship, it is important to undertake research in specific geographical locations to further our knowledge and understanding of the reasons for this.

It is particularly important to discuss the geographical dimension of the research especially because as discussed in Chapter 1, Scotland lags behind comparable countries in the populations' engagement in entrepreneurship. To help understand why, this issue will be explored further and this chapter begins by discussing the Scottish economy, focusing on the specific time during which the research was conducted and the changes and weaknesses in the economy at that particular time. The importance of entrepreneurial activity to the economy is emphasised by the government focus on encouraging entrepreneurship through policy initiatives. However, it is important not to accept entrepreneurship as a *'carte blanche'* panacea for the economy and in exploring the empirical research regarding the impact of entrepreneurship the relative importance of different types of entrepreneurial venture emerge. Hence current research findings stress the importance of innovative entrepreneurship and considering this issue further provides support for the research interest in entrepreneurship in the technology sector. Essentially as this thesis aims to shed light on the entrepreneurial process, it is crucial to understand if and how, the geographical context influences this process.

In addition to considering the economic background, it is also pertinent to consider any social obstacles and how they combine to create the environment for entrepreneurship.

Hence the chapter concludes by exploring any possible barriers to entrepreneurship, specifically in the Scottish context. Again social influences also vary from region to region, as Drakopoulou Dodd and Patra (2002) posit *'it must never be assumed that what holds true for entrepreneurs in one part of the world can therefore, de facto, form a legitimate basis for studies elsewhere. Beyond national divergence, other cultural variables such as gender, class, race, industry norms, and religion can be expected and have often been demonstrated to impact upon the degree and nature of entrepreneurship in a given group'* (p131). Similarly, Acs *et al.* (2008) also note that variations in the environment impact upon entrepreneurship and one such variation is the perception of entrepreneurs and entrepreneurship. Therefore it is important to recognise the social context in which the entrepreneurs operate. Hence, in addition to helping justify why research should be conducted into this topic, this chapter also helps to contextualise the situation by highlighting the background in which the entrepreneurs operate their businesses.

## **2.2 The Scottish Economy**

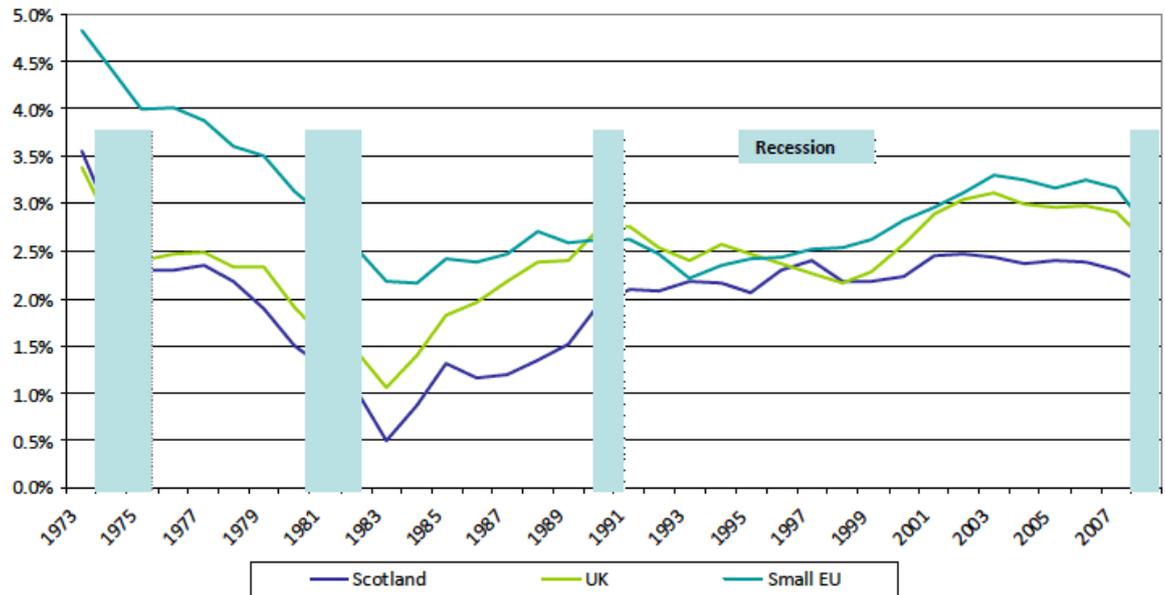
An important caveat is that the chapter seeks to ground the study in its economic background and as such will focus on the economic statistics related to this time period. Thus this chapter focuses on the economy at the time of the research when the data was collected between February 2007 and April 2008. As such, the economic statistics at this time will be discussed to present the reader with a fuller picture of the background against which the research was undertaken.

At the international level, the Scottish economy is often compared to other small EU countries, such as Austria, Denmark, Finland, Ireland, Luxembourg, Portugal and Sweden. At the time of the research, the concern was that Scotland was failing to keep pace with the growth of these other countries. Indeed, the Scottish Government (2008a) reported that from the end of 1999 to early 2008, the annual Gross Domestic Product (GDP) growth rates in these small EU countries had generally exceeded Scottish GDP growth rates, for example in 2008 (Quarter 1) these small EU countries grew at a rate of 2.5% whilst Scotland's GDP only grew at an annual rate of 1.9%.

Within the UK, the Scottish economy also has a lower rate of economic growth and this has been consistent over a significant time period. Between 1975 and 2005 Scotland's annual average growth rate in GDP was 1.8% compared to the UK average of 2.3%

(Scottish Government, 2007). Therefore Scotland's economic growth was lower than other comparable countries and this is illustrated in Figure 2.1 below:

Figure 2.1 Rolling Ten Year Average GDP Growth Rates for Scotland, UK and Small EU Countries



(Source: Scottish Government, 2011)

Indeed, there are a number of problematic areas in the Scottish economy. For instance, unemployment rates have been an issue and between 2001 and 2005 Scotland's rate of unemployment was higher than the UK average, although the gap did close and by April-June 2008 Scotland's unemployment rate of 4.2% was lower than the UK at 5.4% (Scottish Government, 2008d). However, after the research was completed, the rate of unemployment did begin to rise again due to the effects of the recession.

Labour productivity was also an issue in the Scottish economy which impacts upon economic growth, as growth depends upon the number of people who are employed (labour utilisation) and how much output labour is able to produce (labour productivity) (Scottish Enterprise, 2007a). In 2006, the average labour productivity rate in the UK was 6% higher than that in Scotland (Scottish Enterprise, 2008b). Furthermore, research found that productivity rates in both the UK and Scotland were lower than the top OECD performers resulting in lower economic growth than could potentially be achieved (Scottish Enterprise, 2007a). Indeed, Scotland's productivity rates were 15th out of the OECD countries in 2006, with productivity levels only 83% of that of the United States (Scottish Government, 2008a).

The structure of the Scottish labour market was also interesting, with more reliance on public sector employment in Scotland than in other areas of the UK. For example, in early 2006 public sector employment accounted for 23.8% of total employment in Scotland, compared to just 20.2% of employment in the UK as a whole (Scottish Executive, 2006b). Arguably Scotland's economic growth rate may be improved if more of the population were employed in wealth generating activities in the private sector.

However, the Scottish Business Birth Rate was found to be approximately 30% below that of the UK average (Scottish Executive, 2001a). In 2009, there were only 34 business registrations per 10,000 of the population in Scotland, compared to 47 per 10,000 adults in the UK as a whole (Scottish Government, 2011). This lower level of entrepreneurial activity has contributed to Scotland having a lower stock of businesses relative to the size of population than most other UK regions (Scottish Enterprise, 2008a). However, there is a strong incentive to improve this rate of entrepreneurship, as it has been estimated that if Scotland was to match the UK's level of entrepreneurship, the Gross Value Added in Scotland could be approximately £30 billion higher (Scottish Enterprise, 2008a). Or as Harrison and Don (2004) noted:

*'If Scotland experienced US levels of entrepreneurial activity...we would expect to see around 50,000 new businesses and self-employed entrants established in Scotland each year. Clearly the emergence rate is much smaller than this today...[with] a new business emergence rate of somewhere around 10,000 new business per year' (p42).*

Certainly entrepreneurs make a significant contribution with the businesses they operate and create playing an important role in the economy (Chaganti *et al.*, 1995; Delmar and Davidsson, 2000; Winborg and Landstrom, 2001). Whilst the definition of an entrepreneur will be discussed at length in the theoretical context later in the thesis, for the purposes of illustrating their importance in the economy and to allow a statistical overview to be presented, entrepreneurs will be equated with small and medium enterprises. This definition overlooks the economic contribution of entrepreneurs who grow their venture to become large enterprises. However, the majority of entrepreneurs in Scotland do not grow their business significantly (Scottish Enterprise, 2008a) therefore the statistics regarding the role of SMEs in the economy are still enlightening.

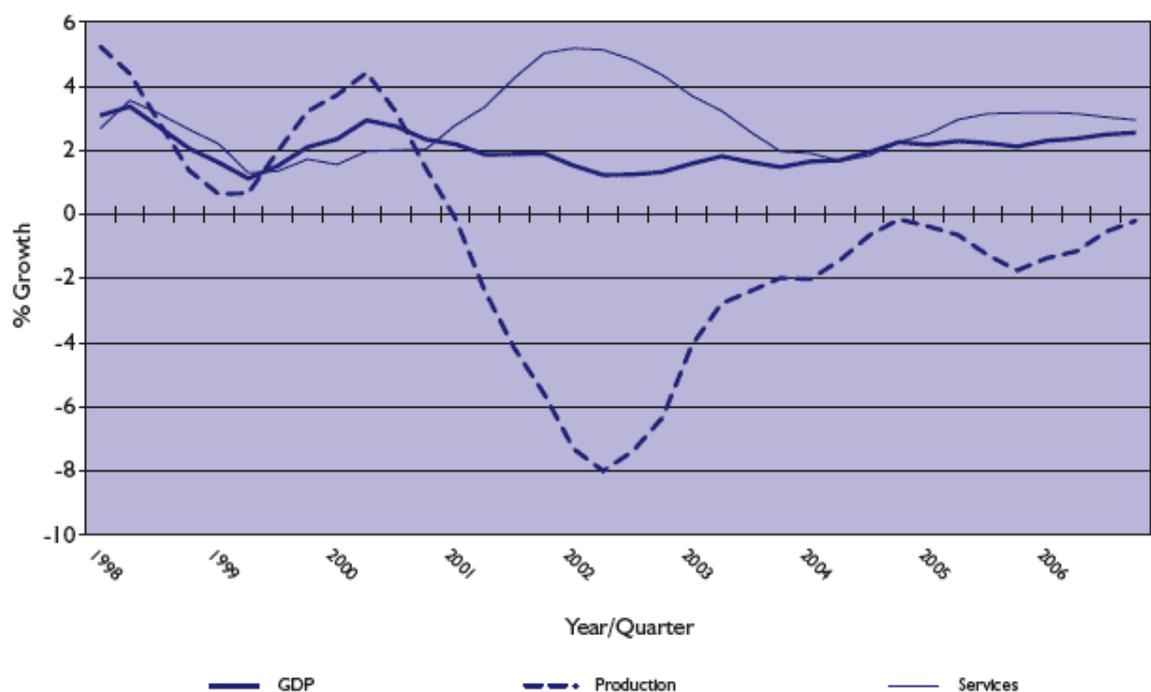
Small and medium sized enterprises (SMEs), that is enterprises with less than 250 employees (Commission of the European Communities, 2003), play a pivotal role in the

Scottish economy. In 2008, SMEs accounted for 99% of enterprises and 53% of jobs in Scotland and accounted for approximately 40% of the turnover of the whole Scottish economy (Scottish Government, 2008b). Therefore the entrepreneurs operating in Scotland are an extremely important part of the economy. Moreover, the economy is inherently dynamic and this has had a corresponding impact upon entrepreneurship in Scotland and these changes will now be considered in more detail.

### **2.3 Changes in the Scottish Economy**

Industrialised countries have witnessed a shift in their structure away from the relatively large scale manufacturing firms towards relatively smaller scale service sector firms (Carree, 2002) and this has provided the opportunity for the number of small and medium enterprises to increase (Audretsch, 2004). This shift has been pronounced in Scotland with the decline of the major traditional industries of shipbuilding, coal and steel (Scottish Parliament, 2006). More recently, the restructuring of the Scottish economy is evident in the shift away from the production sector and towards the service sector and this shift is illustrated in Figure 2.2 below:

**Figure 2.2 GDP in Scotland and a Comparison of the Production and Service Sectors**



(Source: Scottish Executive, 2007b)

This change is reflected in Scottish Enterprise's statement that *'the service sector has expanded robustly over the last decade with Scotland's comparative advantage shifting from generally higher productivity manufacturing towards services'* (2008b, p4). It is this change towards smaller service sector companies that provides an opportunity for entrepreneurs and the businesses they create. Therefore whilst large enterprises continue to play an important role in the Scottish economy, with the 2,285 large private enterprises in Scotland accounting for 60% of all turnover in 2008 (Scottish Government, 2008b), they are not as dominant as they previously were. Subsequently, the role of small and medium enterprises in the Scottish economy has increased in recent times and in doing so has brought the entrepreneurs who establish them into the spotlight.

Another interesting facet of the Scottish economy is the role of foreign direct investment. This plays a considerable role in Scotland, particularly in the large firm sector. For instance, *'Registered enterprises with ultimate ownership outside Scotland accounted for 3% of businesses and 35% of employment. Within large firms (250+ employees) they accounted for 81% of businesses and 63% of employment'* (Scottish Government, 2008b, p3). Analysis of the manufacturing sector, clearly illustrates the importance of foreign direct investment whereby almost one quarter of all employees in the sector were directly employed in foreign manufacturing firms (Collinson, 2000). Nevertheless, Collinson (2000) concluded that these firms have a relatively low level of *"embeddedness"* in Scotland; that is they are relatively uninvolved in the local economies they inhabit. Therefore any downsizing by large internationally owned corporations could be particularly detrimental in Scotland. For instance whilst, the Scottish Executive (2003) reported that Scotland benefited from inward investment from foreign companies, they acknowledged that this investment was highly sensitive to the prevailing global economic situation. Again this presents a situation whereby entrepreneurs and the firms they establish, may have to intervene to help bolster the economy.

Encouraging a greater entrepreneurial culture in Scotland, may therefore be prudent in order to ensure that the economy is not overly reliant on foreign direct investment. Furthermore, reducing dependence on foreign direct investment may also encourage a greater level of indigenous innovation in Scotland. For example, Scottish Enterprise (2007b) suggested that the large number of overseas companies in the manufacturing sector in Scotland was potentially the main cause of the low research and development rate. In essence, an over-reliance on foreign direct investment may be hampering the development of a research and development culture in Scotland.

To summarise, the level of entrepreneurial activity in Scotland is lower than comparable countries. In addition, the Scottish economy has also failed to match other similar countries in its economic growth rates and there are a range of weaknesses present in the economy. However, the entrepreneurs currently operating in Scotland make a significant contribution, increasing the focus on the potential role of entrepreneurship in boosting the economy. Consequently, the government has taken numerous steps to increase the level of entrepreneurship in Scotland and these steps will now be discussed.

## **2.4 The Role of the Government in Increasing Entrepreneurship in Scotland**

The policy aspirations of government shape the environment in which entrepreneurs operate (Minniti, 2008). Scotland is influenced by the policy aspirations and agenda of three tiers of government, the European Union, the UK Government and the devolved Scottish Executive. The government aims to encourage entrepreneurship and examples of their influence will now be considered.

### **2.4.1 The European Union Focus on Entrepreneurship**

At the European level of government there is a drive to increase the levels of entrepreneurship across the EU. This focus is reflected in official statements with the Commission of the European Communities (2004) declaring *'The European Union is committed to boosting entrepreneurship as part of its strategy to transform its economy and build its future economic and competitive strength'* (p3). Here the Commission published an Action Plan, the European Agenda for Entrepreneurship, which provides a strategic framework to increase entrepreneurialism by focusing on five strategic policy areas. The five areas are *'fuelling entrepreneurial mindsets, encouraging more people to become entrepreneurs, gearing entrepreneurs for growth and competitiveness, improving the flow of finance [and] creating a more SME-friendly regulatory and administrative framework'* (European Commission, 2004, p6). To help achieve these goals, the Commission pledged to assist Member States to promote these strategic areas (*ibid*).

Increasing rates of female entrepreneurship is a key part of the Action Plan, with the EU Commission seeking to assist national and regional governments to resolve the areas where the requirements of female entrepreneurs are still insufficiently met. Notably areas deemed lacking include both the access to finance and to entrepreneurial networks (Commission of the European Communities, 2004).

#### 2.4.2 The United Kingdom Government Focus on Entrepreneurship

Prior to the 1960s, the UK government focused its attention on encouraging the growth of large firms. However, subsequent concerns that monopolies were being created in many of the trades, resulting in the disappearance of small firms led to increased interest in small firms (Greene *et al.*, 2004). To rectify the situation the Bolton Committee was established publishing a seminal report in 1971 on the crucial role that small firms play in the economy. Nonetheless, Greene *et al.* (2004) argue that although the Bolton Report was fundamental in increasing government interest in small firms, the 1970s remained as a 'policy off' decade with the government only initiating a small firm's policy in the 1980s. At first this policy focused on increasing the number of individuals who started businesses however, in the 1990s the policy changed to focus instead on providing support for small firms with growth potential (*ibid*).

More recently Harding's (2003) evaluation of the current UK Government's policy concluded that '*entrepreneurialism and innovation have become synonymous with the UK governments second term policies towards productivity, regeneration and growth*' (p8) this synopsis highlights the key role that encouraging entrepreneurialism continues to occupy in the governments agenda. In 2004 the UK government launched the 'Action Plan' with the aim of making the UK the best place in the world to start and grow a business (Small Business Service, 2004). The plan included a broad range of policy areas from building an enterprise culture, encouraging a more dynamic start-up market, building capability for small business growth, improving the access to finance for small businesses, encouraging more enterprise in disadvantaged communities and under-represented groups, improving small businesses' experience of government services and developing better regulation and policy (Small Business Service, 2004). The UK government's commitment to supporting entrepreneurship also included increasing support to female entrepreneurs with the introduction of the Strategic Framework for Women's Enterprise, which aimed to significantly increase the number of women starting and growing businesses in the UK (Small Business Service, 2004).

In 2008 the government confirmed their commitment to make the UK the most enterprising economy in the world and outlined five enabling factors for enterprise upon which they would focus and these were; culture, knowledge and skills, access to finance, regulatory frameworks and business innovation (BERR, 2008). Again the strategy included a focus to encourage female entrepreneurship, with the government aiming to

help female entrepreneurs' access public sector procurement opportunities, mentoring networks and business advice (BERR, 2008).

### 2.4.3 The Scottish Executive Focus on Entrepreneurship

Key policies have also been implemented in Scotland to attempt to boost the rate of entrepreneurial activity. However, these policies have differed in both their timing and focus. For example, during the 1990s the focus in England was on encouraging high growth potential entrepreneurs whereas in Scotland, the policy was aimed at increasing the rate of new start businesses and the Business Birth Rate strategy was launched in 1993 (Mueller *et al.*, 2008). Here £140 million was invested over nine years to increase the level of new firm formation (*ibid*). The Fraser of Allander Review was subsequently conducted in 2001, to assess the success of the Business Birth Rate Strategy and unfortunately despite the strategy, Scotland was still failing to close the gap between the number of start-ups in Scotland and in the rest of the UK (Scottish Enterprise, 2002). However, the Business Birth Rate Strategy did succeed in raising awareness and increasing interest in entrepreneurship (Scottish Enterprise, 2002).

'A Smart, Successful, Scotland' was then launched in 2001 which outlined the key goals for the enterprise network in Scotland. This policy focused on increasing the number of Scottish entrepreneurs, especially those who could compete and trade internationally and emphasised the importance of rapidly growing businesses (Scottish Executive, 2006c). This initiative was considered to be more in line with the broader UK policy, as it focused on encouraging growth rather than simply concentrating on the sheer number of start ups.

Increasing rates of female entrepreneurship was also part of the remit of the 'Smart, Successful Scotland' strategy, and a number of initiatives were launched to help support female entrepreneurs. These included the Women into Business scheme with the attendant networking, micro-credit and mentoring sessions (Deakins *et al.*, 2002). A specific website ([www.scottishbusinesswomen.com](http://www.scottishbusinesswomen.com)) was also established to provide information to female entrepreneurs (Scottish Enterprise, 2005).

In spite of the range of measures enacted by the government to encourage entrepreneurship in Scotland, the persistent entrepreneurial gap remained. As a result, the Scottish Parliament's (2006) Enterprise and Culture Committee advocated that '*an additional £8.5 billion of private and public sector investment is needed each year into Scotland's*

*economy if we are to match our competitors elsewhere. This is the scale of the challenge that Scotland faces if it is serious about tackling business growth rates'* (p2). It is apparent that there remains a resolute interest and determined government drive to support entrepreneurship in Scotland.

Notwithstanding continued government interest in encouraging entrepreneurship, the success of government policies in achieving their objectives in economic development has been questioned (Drakopoulou Dodd and Anderson, 2001). The next section will now focus on understanding these concerns.

## **2.5 Is Entrepreneurial Activity a Panacea for the Scottish Economy?**

A significant body of academic research has been amassed regarding whether entrepreneurial activity offers solutions for economic problems. A number of academics argue that entrepreneurs aid economic growth and prosperity (Brush *et al.*, 2001; Shaw *et al.*, 2001; Minniti *et al.*, 2004; Sarri and Trihopoulou, 2005) and that there exists a positive relationship between entrepreneurship and economic growth (Deakins and Freel, 2003). However, a growing field of research posits that the relationship is not so straightforward. As Fritsch (2008) succinctly summarises *'the empirical evidence concerning the effects of new business formation on economic development is, however, far from being entirely clear'* (p1). Similarly, Carree and Thurik (2008) analysed the impact of business ownership and economic performance in twenty-one OECD countries and concluded that there was not a straightforward relationship between the number of business owners and economic development. It seems that the link between new firm formation and economic development is quite complex (Fritsch and Mueller, 2004). In order to decipher the impact of new firm formation on the economy the various influencing factors will be considered.

### **2.5.1 Job Creation**

Previous research has found that the small and new businesses that entrepreneurs create aid local development by providing jobs (Borooah *et al.*, 1997). Similarly, Van Praag and Versloot (2007) reviewed fifty-seven studies of the impact of entrepreneurship and concluded that entrepreneurs engender relatively high levels of employment creation. Likewise in the Scottish context, it was reported that even with Scotland's poor business birth rate, the new firms formed in the 1980s accounted for 125,000 jobs, creating a much higher number of jobs than either inward investment or the expansion of large companies

(Scottish Enterprise, 2000). More recently, Scottish Enterprise (2008a) reported that between 1999 and 2002 of the 559,000 new jobs created a quarter of these were produced by new businesses. Therefore, new firm formation in Scotland is believed to be an important driver of employment growth.

Nonetheless, the number of jobs created by new firm formation must be tempered with an appreciation of the possible effects of the displacement of the incumbent firms. The pioneering work of Fritsch and Mueller (2004) examines the impact of new firm formation on employment and concludes that there are both immediate and medium term impacts on employment levels as the new firm provides employment but may displace incumbent firms leading to unemployment. Moreover, when new firms grow, the surviving incumbent firms must compete with them, improving their performance and encouraging more efficiency and this may impact on overall employment levels. Therefore Fritsch and Mueller (2004) state that there are three effects of new firm formation, the first is to increase employment, then to lower employment and then to increase employment. Hence the overall level of employment may then be either negative or positive depending on the magnitude of each of these impacts and it cannot be unequivocally stated that new firm formation increases employment as it is dependent on the area in which it occurs and the structure of the economy (*ibid*).

New firm formation also has the important consequence of ensuring business churn; that is less productive incumbent firms are replaced by more competitive enterprises (Scottish Government, 2008a). Acs and Storey (2004) emphasise the important role of business churn stating that the role of new firms in dislodging inefficient firms, prompting improvements in the surviving firms and sending a signalling effect to other potential entrants may even be of greater economic benefit than their role in job creation. In fact, the success and survival of the incoming firms is not necessarily required in order to ensure the economic benefits as long as the new firms prompt the improvement of the incumbent firms (Fritsch, 2008). Again, however, realising this benefit may be difficult in the Scottish context as *'Scotland's business stock and firm entry/exit rates are lower than most other UK regions, potentially resulting in weaker competitive pressures'* (Scottish Enterprise, 2007a, p3).

Furthermore, there is a temporal dimension to the impact on employment levels. Van Stel and Storey (2002) adopted a long term approach to the impact of new firm formation and concluded that the employment impact of new firms was the strongest after approximately

five years and that the effect disappears after ten years. Carree and Thurik's (2008) analysis of twenty-one OECD countries also highlighted the time lag of the impact of new firm formation on the economy and confirmed Fritsch and Mueller's (2004) three stages of impact, prompting them to conclude that overall the cumulative positive effect on employment of new firm formation may take at least five years to emerge.

The combined effect of the impact on incumbent firms and the lag time in overall job creation renders it difficult to calculate the precise impact on the number of jobs. In the Scottish context the outcome of new firm formation has raised questions. Mueller *et al.* (2008) examined the impact of new firm formation on employment in Great Britain from 1981 to 2003 and found that for Great Britain, as a whole, the impact of new firm formation on employment was positive. However, in Scotland and Wales the overall positive impact of new firm formation was considerably smaller than in England and in many regions in Scotland the effect was negative, implying that the long term impact of new firm formation may be negative (*ibid*).

This finding prompted Mueller *et al.* (2008) to state that it is possible to have the 'wrong' type of entrepreneurship and this has a negative effect on the area. The increase in the 'wrong' type of entrepreneurship may result from the availability of public money encouraging people with few employment options to start businesses with poor market prospects (*ibid*). In particular, the higher number of firms started in sectors with low barriers to entry such as the personal services sector (for example taxi driving, hairdressing, beautician businesses) and the high number of start ups in these sectors will displace existing firms on the basis of price (*ibid*). Therefore whilst government support may raise the overall level of new firm formation, if this occurs in sectors with low barriers to entry and encourages low quality firms with little prospect of significant growth and leads to the cannibalisation of existing firms, the problem remains and the policy has not been successful. A similar situation occurred in the Tees Valley in England, another area characterised by low levels of enterprise. Here the impact of public policy to raise the rates of business start-ups had little impact on economic growth in the area, because the increase in the number of new firms led to a fall in the quality of the firms (Greene *et al.*, 2004).

As a result, Van Stel and Storey (2004) are critical of Scotland's Business Birth Rate Strategy and its focus on encouraging a greater number of business start-ups, arguing that whilst new firm formation in Great Britain was associated with employment growth

between 1991 and 1998 this was not the case in Scotland where increases in new firm formation led to falling employment. Thus Van Stel and Storey (2004) conclude that *'the results for Scotland, therefore, provide no support for policies to seek to raise new firm formation as a mechanism for stimulating job creation, particularly in areas deemed to be 'lacking in enterprise'. The interpretation here is that the ineffectiveness of the Business Birth Rate Strategy in Scotland (Fraser of Allander Institute, 2001) was probably a blessing in disguise since a rise in new firm formation would, on these grounds, have led to falling employment'* (p903).

### 2.5.2 Type of Entrepreneurial Activity

The identification of the 'wrong' type of entrepreneur by Mueller *et al.* (2008) directs attention to the 'right' type of entrepreneur and their contribution to economic development. At the international level Wong *et al.*'s (2005) research is illuminating. Analysing the Global Entrepreneurship Monitor findings from thirty-seven countries, Wong *et al.* (2005) identify four different types of Total Entrepreneurial Activity (TEA). These are High Growth Potential TEA, Necessity TEA, Opportunity TEA and Overall TEA. From their analysis Wong *et al.* (2005) conclude that it is only High Growth Potential TEA that has a significant impact on economic growth and it is fast growing new firms that accounted for most of the new job creation in SMEs in advanced countries rather than new firms in general. This prompted Autio (2007) to argue that whilst all entrepreneurship is important, high-growth entrepreneurial activity is particularly important in job creation.

For that reason, if it is high growth entrepreneurship that contributes in particular to job creation this is the type of entrepreneurship that government policy should aim to encourage. This is of particular relevance when the evidence suggests that most entrepreneurs do not grow their businesses. Indeed, Storey (1993, 1994) categorised SMEs as either failures, trundlers or flyers, these descriptive labels respectively refer to those small firms which fail, those which survive but do not grow and those which grow. However, Storey (1993, 1994) makes the salient point that whilst flyers are outnumbered by both failures and trundlers, it is the flyers who contribute the most to job creation, exceeding the contribution of the other two groups combined.

More recently in an international study, the expectation of high-growth amongst nascent entrepreneurs was found to be rare with only 8% of all start-up attempts expecting to

create twenty or more jobs and a mere 3% expecting to create fifty or more jobs (Bosma *et al.*, 2007). Hence the businesses that entrepreneurs create are not homogenous and very few businesses are likely to grow. Correspondingly there is a lack of growth in Scotland where *'a low proportion of Scottish businesses achieve significant growth. Just over 5% of registered businesses grow their Scottish generated turnover by more than £400,000 over a three year period'* (Scottish Enterprise, 2008a, p3).

Mueller (2007) in further research into the 'right' type of entrepreneurship emphasised the importance of innovative entrepreneurship, concluding that an increase in innovative entrepreneurship was more effective in increasing economic growth, than general entrepreneurship. Therefore regions which increased their levels of research and development in private industries and individuals who exploit new knowledge in entrepreneurial activity produce an increase in economic performance (Mueller, 2007). However, again only a very small proportion of entrepreneurs engage in technological innovation (Wong *et al.*, 2005). An overview of the global findings of the Global Entrepreneurship Monitor from 1999-2003 emphasises this point, with less than 5% of entrepreneurs engaging in true market changing activities and the majority involved in replicating existing business opportunities (Reynolds, 2005).

The culmination of this research is the recognition that not all types of entrepreneurship contribute to economic growth and it is necessary to be cognisant of the type of entrepreneurship being encouraged. In short, an increase in the rate of entrepreneurship does not guarantee faster economic growth (Acs and Storey, 2004; Wong *et al.*, 2005), and as Mueller (2007) warns *'governments should not be misled in believing that more entrepreneurship will ultimately lead to higher economic growth'* (p360). Rather governments should focus on supporting new businesses of quality rather than just the quantity of new businesses (Storey, 1994).

### 2.5.3 The Benefits of Innovation

The role of innovation in entrepreneurship and its corresponding impact on the economy is a particularly interesting aspect of the research. Indeed, Michael and Pearce (2009) stress that *'Entrepreneurship leads to wealth creation through innovation'* (Michael and Pearce, 2009, p20). Prior research has been undertaken to quantify the impact of innovation through entrepreneurship. Coleman (2000) found that *'in terms of innovation, it is estimated that small firms produce twice as many product innovations per employee as*

*large firms, creating new products, services, lines of business and industries'* (p37). Moreover, major breakthroughs have tended to come from small new enterprises with large firms making the incremental progressions (Baumol, 2004). Consequently, the European Commission (2011) has stated that innovation is the driving force for economic growth and has recognised that SMEs produce much of this innovation. Innovation is also regarded as central to Scotland's economic development with the Scottish Executive (2004) stating that *'developing products and means of production that are superior to our competitors in the knowledge and research that they embody lies at the heart of our future prosperity. A culture of continual business innovation and risk-taking is critical to the sustainability of Scottish economic development'* (p20).

Unfortunately, recent research indicates that the level of innovation in Scotland is failing to reach its potential. Recent research found that only 14% and 6% of Scottish businesses are novel product innovators or novel process innovators, respectively (Scottish Enterprise, 2007b). Again this is low compared to a number of other European countries (*ibid*). For instance, between 1998 and 2002, Scottish businesses were less likely to be product innovators than those in Iceland, Germany, Belgium, Netherlands, Denmark, Luxembourg, Finland, Austria, Sweden, Norway, France, Portugal and Italy (*ibid*). Moreover, research and development expenditure is lower in Scotland than in most other OECD countries with expenditure on research and development particularly low in business (*ibid*).

However, the potential exists in Scotland for an increased level of innovative entrepreneurship. As noted in Chapter 1, there is a strong academic science and technology background of Scotland wherein although it has only 9% of the UK population, Scotland has 15% of the academic science base (Collinson, 2000). The exploitation of this resource has been growing and between 2001 and 2002 twenty-four businesses were spun out from Scottish universities, which in an international comparison, was a good performance (Joint Performance Team, 2004). Indeed, Scottish universities generate higher levels of spin-out companies than either the UK as a whole, the US or Canada, at a rate of 4.1 spinouts per million of the population, compared to 2.8, 1.6 and 1.4, respectively (Scottish Executive, 2006c).

Overall, whilst entrepreneurship may not be a panacea for the Scottish economy, encouraging the 'right' type of entrepreneurship could be extremely beneficial. At present there is a strong science base in Scotland which must be further developed. Hence the inclusion of the technology sector in this research is helpful as it will help to increase the

understanding of a sector which has the potential to contribute positively to the Scottish economy. Overall the potential exists for Scotland to improve its entrepreneurial performance and as such it is imperative to understand any possible barriers that may prevent this. These barriers will now be explored in more depth.

## **2.6 Potential Obstacles to Entrepreneurship in Scotland**

Given that Scotland has comparatively lower levels of entrepreneurship it is pertinent to explore why this may be and identify any possible obstacles. As such, this section will consider the prevailing culture, including the fear of failure and the fear of financial indebtedness. Again this will help to provide an understanding of the context in which entrepreneurs in Scotland operate.

### **2.6.1 Scottish Culture**

Prior research indicates that there may be a number of factors inhibiting entrepreneurship in Scotland. A particular barrier may be the prevailing culture. The status associated with being an entrepreneur depends on the value that society places upon it and traditionally entrepreneurs have not enjoyed a high social status in Scotland. Scottish Enterprise (1996) reported that Scottish peoples' attitudes towards the contribution that entrepreneurs make to the economy were unduly negative and that entrepreneurs were not regarded as important in Scotland as they were in the USA. Danson (1996) concurred, stating that the perception of entrepreneurs in Scotland was less favourable than elsewhere and Collinson (2000) also found that entrepreneurs in Scotland had a low status. Indeed, Scottish Enterprise (2000) reported that *'while entrepreneurs are now seen as marginally more important to the economy than lawyers, they're still valued less than teachers and (almost uniquely, compared with elsewhere) less than bus drivers and plumbers'* (p11).

A possible explanation for this finding could be that Scotland's strong industrial heritage may have impeded an entrepreneurial culture from developing. Indeed, Checkland (1981) delved into the history of Scotland and in particular Glasgow, and concluded that the industrial heritage and the attendant focus on heavy industry prevented other industries from developing. Checkland (1981) likened this focus to that of an 'upas tree' whereby *'the upas tree of heavy engineering had killed or discouraged the growth of other industries of a more modern kind beneath its massive and intertwined branches; now the upas tree itself, so long ailing, was decaying, its limbs falling away one by one'* (p48).

Thus with the focus firmly on heavy engineering, other industries failed to start or grow and when heavy engineering declined this left the economy devoid of other industries and an associated entrepreneurial culture.

To counter this effect, one element of the Business Birth Rate Strategy was to encourage a more positive attitude towards entrepreneurship in the hope that this would encourage more people to consider an entrepreneurial career. One result of the Strategy was that the prolonged campaign to raise awareness and public interest in entrepreneurship, was also reflected in an increasing media interest and this increased interest has permeated into Scottish culture. This increasing interest in entrepreneurship is reflected in the number of times that the words “entrepreneur/s”, “entrepreneurial”, “entrepreneurship” appeared in articles in popular Scottish newspapers. For instance, between 1992 and 1999, there was a substantial increase, with a rise from less than 25 times at the end of 1992 to over 600 times at the end of 1999, prompting Scottish Enterprise to argue that the word ‘entrepreneur’ has now entered daily usage in Scotland (Scottish Enterprise, 2000).

In addition, Levie *et al.* (2005) also report that there has been a change in attitudes towards entrepreneurs, arguing that attitudes in Scotland towards entrepreneurship have improved and they are now the equivalent of the UK average. This shift in attitudes may contribute to encouraging the Scottish population to engage further with entrepreneurship. Nevertheless, as demonstrated in the lower participation in entrepreneurship in Scotland than in other comparable countries, this shift in attitudes has not yet been translated into increased entrepreneurial activity.

### 2.6.2 Fear of Failure

A common theme in the entrepreneurship literature is that ‘*entrepreneurs typically fail, often many times before achieving success*’ (Kalleberg and Leicht, 1991, p153). Certainly, becoming an entrepreneur is intrinsically risky and as such an individual’s attitude towards risk is decisive in the entrepreneurial process. The fear of failure is also in part, a reflection of the prevailing attitude of society towards failure.

Storey (2004) argues that outside the US business failure is regarded as a lack of competence, however, in the US there is an acceptance that failure may be a chance event that the business person may learn from this and then proceed to establish a successful venture. Research in the Scottish context draws attention to the stigma attached to failure,

highlighting how failure was regarded more negatively in Scotland than in the US (Danson, 1996). Furthermore, in a large scale survey of the population, 42% of Scots reported that the fear of failure was a barrier to starting a venture (Levie, 2006). Hence, this aversion to risk appears to act as an impediment to entrepreneurship in Scotland, where the most frequently cited barriers to starting a business include the fear of debt, fear of failure, access to finance and loss of the security of the current job (Scottish Executive, 2007a).

Risk aversion is also prevalent amongst existing entrepreneurs and may thwart the growth of their businesses. In a comparison between entrepreneurs in Scotland and the US, McNicholl (1996) found that although the American entrepreneurs generally had a larger financial stake in their enterprise than their Scottish counterparts, the Americans were less risk-averse and also less scared of failure. This indicates that even those Scottish entrepreneurs who overcome their fears and launch a business may be more risk averse than their counterparts elsewhere and this may prevent them from growing and maximising the full potential of their business.

Arguably this combination of the prevailing ambivalent attitude towards entrepreneurs, a comparatively higher level of risk aversion and fear of failure, coalesce to discourage entrepreneurship in Scotland. However, there is cause for some optimism with Scottish Executive (2007a) arguing that Scotland is gradually becoming more entrepreneurial and attitudes to enterprise are becoming more positive. Cultural change is nonetheless a slow process and it may take a long time before this particular barrier is eliminated.

### 2.6.3 The Prevailing Attitude towards Finance

Empirical research frequently reports that the Scottish population perceives access to finance as a significant barrier to starting a business. Indeed, in four separate surveys, undertaken between 1992 and 1999, Scottish Enterprise (2000) found that the most commonly cited constraint to starting a business was access to finance. Furthermore, only 33% of Scots agreed that there were adequate sources of funding for business start-ups compared to 39% of respondents across the whole of the UK (Levie *et al.*, 2005). This would suggest that the perception of the lack of access to finance is a more severe problem in Scotland than in other parts of the UK. This problem is further exacerbated as research indicates that a key factor to encourage potential entrepreneurs to establish their own businesses would be access to the required finance (Scottish Executive, 2007a).

A fear of debt may also impede entrepreneurship in Scotland and evidence suggests that the Scottish population may be predisposed to be particularly wary when accessing finance for their venture. For example, a regional comparison within the UK regarding attitudes to debt, found people in Scotland to be more cautious in their attitude regarding debt (Scottish Executive, 2003). This conservative attitude towards finance may be reflected in financing strategies with 53% of nascent entrepreneurs in Scotland expected to self finance the business start-up compared to only 43% of UK nascent entrepreneurs (Levie *et al.* 2005).

Moreover, although an international study of financing found that family members, friends and neighbours were the largest source of funding (Bygrave and Hunt, 2004) the situation appears to be different in Scotland. Hence in Scotland, only 12% of entrepreneurs in the start-up stage secured friends and family funds compared to 20% of start-up entrepreneurs across the UK (Levie *et al.*, 2005). In effect, the Scottish attitude of fiscal conservatism may manifest as a reluctance to seek finance from friends and family. There appears to be a situation whereby the cultural disposition prevents nascent entrepreneurs in Scotland from seeking finance from friends and family and there is also a cultural emphasis on the avoidance of debt. These findings exemplify the importance of considering the geographical context of the research.

## **2.7 Conclusion**

This chapter has explored the current situation in Scotland with regards to the level of entrepreneurship. Scotland is clearly lagging behind comparable countries both in its engagement with entrepreneurship and its economic growth. Moreover there is significant government interest in promoting entrepreneurship at the European, UK and Scottish levels of government. Indeed, entrepreneurship has been identified as '*one of the prime drivers of economic growth*' in Scotland (Scottish Executive, 2004, p21).

However, there are conflicting views on the ability of entrepreneurship to provide a solution to all the problems in the Scottish economy. Reviewing the empirical research prompted an interesting discussion on the role of entrepreneurship and the identification of the importance of promoting the 'right' type of entrepreneurship. A theme from the research is that innovative entrepreneurship is particularly important to the economy. Thus the inclusion of technology entrepreneurs in this research is particularly timely and important as these entrepreneurs have the potential to have a significant impact on the

economy and thus understanding their experiences is imperative. In fact, Storey (1994) presents a strong argument why science and technology based small firms warrant attention, highlighting that *'these types of firm generally have lower failure rates and higher growth rates than 'typical' small businesses. Secondly, science-based firms are much more likely to export and provide high-quality employment opportunities. For all these reasons there is a case that the group deserves special attention'* (p321). Therefore it is particularly important to conduct research into this sector to generate a better understanding the entrepreneurial process.

It is also salient to examine the prevailing culture in Scotland to understand how this influences entrepreneurial activity. Here there are particular areas of concern and the literature emphasises a number of cultural issues which may have implications for entrepreneurs. These include the status of entrepreneurs, the prevalence of the fear of failure and the existence of fiscal conservatism. The prevailing culture may have continuing ramifications for the entrepreneurs and these issues accentuate the importance of context and culture in entrepreneurship research and how these combine to make Scotland an interesting case for further research. Furthermore, the concept of entrepreneurship is itself imbued with cultural resonance. As such, the following chapter will focus on exploring the definition of entrepreneurship and the cultural implications attached to being an 'entrepreneur'. In doing so, particular attention will be paid to the role and influence of gender in entrepreneurship.

## CHAPTER 3

### GENDER AND ENTREPRENEURSHIP

#### **3.1 Introduction**

Entrepreneurship is itself a complicated and contested concept. This chapter will consider the many definitions of an entrepreneur and the ongoing academic debate regarding its definition. An overview of the body of research on gender and entrepreneurship will be provided with a particular focus on the social construction of gender. The influence of gender on the career paths of men and women and how this influences their experience of entrepreneurship will be examined and the theoretical lenses of Liberal and Social Feminism will be introduced and discussed. Thus the aim of this chapter is to review the pertinent literature and further understand the context in which the entrepreneurs operate.

#### **3.2 Defining the Entrepreneur**

Despite the increasing interest in entrepreneurship, academic research into entrepreneurship is a relatively recent phenomenon and entrepreneurship research is still a young field (Davidsson and Wiklund, 2001; Low, 2001). Moreover, there has been slow and very limited progress towards the evolution of an overarching entrepreneurial theory through which the process of entrepreneurship can be explored. Whilst the breadth of entrepreneurship research has grown more recently, with advances in specific areas and the evolution of specific conceptual frameworks, there remains a lack of an overall theoretical framework to draw the research together (Brazeal and Herbert, 1999; Shane and Venkataraman, 2000) and produce a coherent theme (Gartner, 2001). Thus entrepreneurship is plagued by unanswered questions and lacks a cohesive theory (Amit *et al.*, 1993). As such the various aspects of entrepreneurship research to continue to be fragmented and the study of entrepreneurship remains in its infancy (Sexton, 1982; Brazeal and Herbert, 1999).

The lack of an overarching theory is complicated by, and may be partly due to, the wide range of different academic disciplines encompassed in entrepreneurship. The underpinnings of entrepreneurship are drawn from fields as diverse as sociology, psychology, management and economics (Amit *et al.*, 1993), cultural anthropology, history and political science (Wortman, 1987). Consequently, there is scepticism that an

overarching theory can be produced due to the complex nature of entrepreneurship (Amit *et al.*, 1993; Gartner, 2001) and the difficulties in combining the interdisciplinary nature of entrepreneurship to integrate the various perspectives into a cohesive theory (Amit *et al.*, 1993). For example, an interdisciplinary conference on entrepreneurship theory found that each academic discipline had its own individual perspective on entrepreneurship and this was relatively unaffected by how the other disciplines viewed entrepreneurship (Herron *et al.*, 1991).

As such, research into entrepreneurship is undertaken in a wide range of different topics with remits as diverse as exploring new venture creation to the growth of the firm or the intricacies of family businesses. Gartner (2001), in fact, questions the ability of scholars to provide a comprehensive theory which includes all these disparate areas. Thus the broad range of topics renders it difficult to form a coherent field and as such the boundaries of the field are still vague (Low, 2001).

This lack of unification within the entrepreneurship field is also demonstrated in the difficulties encountered in agreeing terminology and common definitions (Low and MacMillan, 1988; Brazeal and Herbert, 1999). This has led to most entrepreneurship research encountering problems in defining the unit of study and commonly accepted definitions are required (Wortman, 1987) to allow the comparison of different research findings (Amit *et al.*, 1993). The problem is so acute that Shane and Venkataraman (2000) argue that the largest obstacle to developing a conceptual framework for entrepreneurship is its definition. Entrepreneurship scholars are unable to even agree upon a common definition for the very terms 'entrepreneur' and 'entrepreneurship' (Gartner, 1990; Bygrave and Hofer, 1991; Shaver and Scott, 1991; Amit *et al.*, 1993; Gartner *et al.*, 1992; Sarri and Trihopoulou, 2005). As Casson (1982) proffered '*the most difficult part of studying entrepreneurship is to define who or what is an entrepreneur*' (p1). The difficulty in defining the entrepreneur leads to researchers conducting a variety of studies, into a variety of different people (Gartner *et al.*, 1992). Over twenty years ago, Low and MacMillan (1988) stated that it was unlikely that common definitions would be developed in the near future and to date, an agreed definition has still not emerged. Indeed, Audretsch and Keilbach (2004) argue that the failure of a single definition to emerge reflects the fact that entrepreneurship is in fact a multidimensional concept. The lack of an agreed definition for concept of the entrepreneur has continued to provide fertile grounds for discussion and debate amongst scholars.

Therefore researchers must select and justify their definition of an entrepreneur before proceeding with their research (Gartner, 1990; Bygrave and Hofer, 1991). Nonetheless, the difficulty in defining the entrepreneur further reflects the fact that entrepreneurs are not a homogeneous group (Gartner, 1985; Bhidé, 1994). Indeed, in practice, *'variation is, inherently, a fundamental characteristic of entrepreneurship'* (Gartner, 2008, p359) with entrepreneurs and the firms that they create differing enormously (Gartner, 1985). Consequently, an agreed definition of terms remains elusive and this lengthy debate continues.

Historically a variety of definitions have been offered for instance, Richard Cantillon coined the term 'entrepreneur' in the 18<sup>th</sup> century and in doing so focused on the propensity of the entrepreneur to take risks (Jennings *et al.*, 1994). Then in 1934, Joseph Schumpeter published his seminal work and proposed that the crucial factor distinguishing the entrepreneur from the manager was their preference for innovation. Thus Schumpeter classified the entrepreneur as the *'creative destructor'* focusing on how the entrepreneur's innovations replaced traditional methods with new methods of operation (Jennings *et al.*, 1994, p97).

Further to Schumpeter's definition, scholars aimed to increase their understanding of the entrepreneur by attempting to isolate common personality characteristics that entrepreneurs shared. However, attempts to build a profile of the characteristics of an entrepreneur were unsuccessful and widely critiqued (Chell, 1985; Gartner, 1985; Low and MacMillan, 1988; Shaver and Scott, 1991; Davidsson and Wiklund, 2001; Mitchell *et al.*, 2002). The crux of the problem was summarised by Bhidé (1994) who rejected the notion of an entrepreneurial profile stating that *'successful founders can be gregarious or taciturn, analytical or intuitive, good or terrible with details, risk adverse or thrill seeking. They can be delegators or control freaks, pillars of the community or outsiders'* (p152). In short, entrepreneurs are highly diverse. A further problem with defining the entrepreneur on the basis of their traits is that any traits associated with successful entrepreneurs may be the product of their entrepreneurial experience, rather than their innate characteristics (Amit *et al.*, 1993).

To address this problem, Gartner (1988) advocated that the focus of entrepreneurship research ought to be on the process of how a new organisation is established, rather than on the characteristics of the entrepreneur which may evolve during the process. To help bring clarity to the field of research, Gartner (1988) offered a simple definition of

entrepreneurship '*as the creation of new organisations*'. This definition highlights the diversity of entrepreneurship and encourages researchers not to group individuals as either entrepreneurs or small business people (Gartner, 2008). Other researchers have adopted similar definitions with Bygrave and Hofer (1991) stating that anyone who perceives an opportunity and establishes an organisation to exploit it is an entrepreneur. Likewise, Bruyat and Julien (2000) consider anyone who creates a new innovation or organisation that is, the person without whom the value would not have been created, to be an entrepreneur.

However, the definition of an entrepreneur as someone who establishes a new organisation has been critiqued for encouraging researchers to ignore the opportunities that entrepreneurs encounter and not considering the different opportunities that different people identify (Shane and Venkataraman, 2000). Therefore, the problem with all the definitions offered for an entrepreneur is that whilst all capture some aspect of entrepreneurship, no definition covers the whole phenomenon (Low and MacMillan, 1988). Nonetheless, to help provide a common purpose to the field, Low and MacMillan (1988) also define entrepreneurship as the creation of new enterprise. Whilst it is clear that there is no one agreed definition of an entrepreneur, for the purposes of this research, a person who creates a new organisation will be considered to be an entrepreneur. This adheres to Schwartz's (1976) idea that '*the entrepreneur is an innovative individual who creates and builds a business from non-existence*' (p47).

### **3.3 Gender and Entrepreneurship**

Further issues arise when considering the concept of the entrepreneur from a gender perspective. The central critique is that much of the research into entrepreneurship is gendered from the male perspective (Stevenson, 1986; Gunnerd Berg, 1997; Hurley, 1999) and based upon the assumption that entrepreneurship is male entrepreneurship (Hill *et al.*, 2006). Thus entrepreneurship is a '*gendered phenomenon*' (Nilsson, 1997 p240) reflecting '*the historically masculine framed basis of the heroic entrepreneur*' (Wilson and Tagg, 2010, p78). Indeed, it is argued that male-centred business is the normal model of business and when female entrepreneurs launch businesses they enter a situation constructed and dominated by men and as such they must adapt and operate by rules that have been constructed by men (Baker *et al.*, 1997).

Examples of how the concept of entrepreneurship is ascribed what are perceived to be 'male' qualities, can be found in the commonly held perceptions of entrepreneurs and their attributes. For instance, research into bank loan officers' perceptions of the qualities that a successful entrepreneur would possess found a range of characteristics attributed to entrepreneurship. These included leadership; autonomy; the propensity to take risks; readiness for change; a lack of emotionalism and the ability to persuade. However, women were never judged to be more entrepreneurial than men on any of these characteristics (Buttner and Rosen, 1988).

Similarly, further research also found that loan officers tended to regard women as 'nurturing' and 'caring' rather than 'dominating' and 'achieving'. Unfortunately, unlike 'achieving' neither 'nurturing' nor 'caring' are often cited examples of entrepreneurial characteristics (Fay and Williams, 1993). These two studies illustrate the divergence between the characteristics that women are perceived to possess and those that entrepreneurs are perceived to possess and illustrate the stereotypically male assumptions attached to the concept of the entrepreneur. This perception is encapsulated in Bruni *et al.*'s (2005) statement that '*the features of entrepreneurship reside in the symbolic domain of initiative taking, accomplishment and the relative risk. They therefore reside in the symbolic domain of the male*' (p1).

There is also evidence to suggest that this perception may be slow to change, as recent research has found that young people continue to perceive entrepreneurship as a 'male' occupation. Indeed, a recent comparative study across three countries found that both men and women perceived entrepreneurship as a male-typed occupation and entrepreneurship continues to be viewed as 'manly' work in society (Gupta *et al.*, 2009).

This perception of the entrepreneur as stereotypically male is further recounted in the experiences of female entrepreneurs. For instance, Marlow (1997) found that of the female entrepreneurs who cited credibility as problematic, over half had been mistaken by prospective customers and suppliers as the owner's wife or secretary rather than the entrepreneur in their own right. Similarly, in a study of business services entrepreneurs in Scotland, 30% of the female respondents had experienced problems in being taken seriously as business people, whilst none of the men had encountered this problem (Shaw *et al.*, 2009). Thus it is important that research into female entrepreneurship is cognisant of the gendered nature of entrepreneurship, otherwise it may merely act to legitimize and reinforce the male-centred gendered notion of entrepreneurship (Bruni *et al.*, 2004).

In fact, Gunnerud Berg (1997) was critical of the problem of '*gender blindness*' (p259) in the existing research, where much of the theory had been constructed regarding male entrepreneurs to which female entrepreneurs were then merely compared. This domination of the current literature from a male perspective had resulted in the perspectives of female entrepreneurs being marginalized (Hill *et al.*, 2006). Historically entrepreneurship research has focused predominantly on men. For example, Hurley (1999) argues that a significant proportion of the research conducted on entrepreneurship in the early 19<sup>th</sup> century and later in the 1920's utilised case studies regarding male entrepreneurs. Female entrepreneurs who operated businesses from their homes were not included in the research (Hurley, 1999). Therefore the early definitions of the entrepreneur were based on a male perspective.

Furthermore, specific research into the effects of gender on entrepreneurialism only emerged in the 1970's and 1980's (Walker, 2000; Carter *et al.*, 2001) with academic interest and research into female entrepreneurship beginning in the mid-1970s in the USA and the mid-1980s in the UK (Carter *et al.*, 2001). However, the research was slow to accumulate and during the 1980's academics described a paucity of research with regards to the female entrepreneur (Pellegrino and Reece, 1982; Bowen and Hisrich, 1986) finding that the female entrepreneur had virtually been ignored (Birley *et al.*, 1987). More recently, research into female entrepreneurs remains a marginal topic (Holmquist, 1997) and there is still a lack of research regarding female entrepreneurs (Brush, 1992; Rosa and Hamilton, 1994; Mukhtar, 1998; Menzies *et al.*, 2004) with gaps in the research into female entrepreneurship (Knorr, 2011).

This is reflected in the general entrepreneurship literature with Baker *et al.* (1997, p221) finding women to be '*virtually invisible*' in the literature on entrepreneurs. Furthermore in a study of business school case studies, only 10% featured a female chief decision maker (Greene *et al.*, 1999). Moreover, in a study analysing the media portrayal of entrepreneurs between 1989 and 2000 in a major British broadsheet newspaper, only 13 female entrepreneurs were featured in the 480 articles sampled, prompting the authors to conclude that '*the entrepreneurial myth is male*' (Nicholson and Anderson, 2005, p163). In charting the development of entrepreneurship research in the UK, Blackburn and Smallbone (2008) analysed the topics covered in research papers presented at the 1996 ISBE Conference, the UK national research conference, and found that no research papers included female entrepreneurship. However, research papers on female entrepreneurship were on the agenda at the 2006 conference (*ibid*) and there is now also a gender track at the

conference. In 2009 a new journal, the International Journal for Gender and Entrepreneurship, was launched which focuses specifically on research into gender and entrepreneurship. Whilst the situation may now be improving, the previous lack of coverage of female entrepreneurship, in both the media and academic press, may have contributed to and help perpetuated the gendered image of entrepreneurship as a male activity.

In a similar fashion to the problems that plague the wider entrepreneurship research field, research into female entrepreneurship also suffers from a lack of theory. Stevenson (1986) suggested that further research should be undertaken into female entrepreneurship and that this research should be analysed in order to construct theories which apply to the female entrepreneur. However, prominent academics have continued to highlight the fact that subsequent research into female entrepreneurship has continued to fail to engage in theory building (Brush, 1992; Read, 1998; Carter *et al.*, 2001) with Brush (1992) noting that one-third of the studies reviewed did not address any theoretical concepts. In addition, Mirchandi (1999) laments that much of the gender work in entrepreneurship research does not utilise the theory generated by feminist thought. Thus further insight into female entrepreneurship, indeed what Greene *et al.* (2003) term a '*unique subset of entrepreneurship*,' could be garnered by conducting research that explores theoretical concepts.

Considering theoretical differences could also help explore the diversity amongst female entrepreneurs. In practice, female entrepreneurs are not a homogeneous group (Holmquist, 1997; Warren and Walters, 1998; McGregor and Tweed, 2002; Marlow and Carter, 2004; Sarri and Trihopoulou, 2005; Constantinidis *et al.*, 2006; Hill *et al.*, 2006). However, differences between women have been under-emphasized (Mirchandi, 1999) and current research has often ignored the differences between the female entrepreneurs (Haines *et al.*, 1999; Hill *et al.*, 2006) with many studies generalising the behaviour of women business owners and ignoring the differences between them and the businesses they operate (Brush, 1992). This omission is troublesome as the heterogeneity of female entrepreneurs is reflected in the differences between their businesses, for example firms vary with regards to their sector, age and performance (Brush, 1992; Haines *et al.*, 1999).

Despite this diversity amongst female entrepreneurs, Marlow (1997) offers justification as to why research can continue to be conducted along gender lines, arguing that although women are not a homogeneous group, gender does shape experiences in the workplace and

therefore it is reasonable to assume that it may also effect self-employment. There are also calls for future research to attempt to examine the possible differences between female entrepreneurs, that is any possible intra-gender differences (Sonfield *et al.*, 2001; Marlow and Patton, 2005; Hill *et al.*, 2006; Lewis, 2006). Overall, whilst the knowledge of female entrepreneurs has increased, there are many questions that remain unanswered and further research into the topic is required (Brush, 1992; Rosa and Hamilton, 1994; Holmquist, 1997; Mukhtar, 1998; Menzies *et al.*, 2004). As Greene *et al.* (2003) summarise *'researchers from around the world have been studying women's entrepreneurship for approximately 25 years. While our knowledge of the phenomena has increased dramatically, there are still many questions unanswered'* (p26).

### **3.4 The Social Construction of Gender**

The concept of gender is theoretically complex and must be clarified before researching gender and entrepreneurship. It is particularly pertinent to clarify the difference between gender and sex. Whilst sex is a biological concept regarding anatomy and physiology that divides humans into male and female (West and Zimmerman, 1991; Bristor and Fischer, 1993; Maynard, 1999; Giddens, 2006) gender is a social construct (Acker, 1991; West and Zimmerman, 1991; Bristor and Fischer, 1993; Unger and Crawford, 1996; Maynard, 1999; Giddens, 2006). Gender regards the notions of masculinity and femininity (Giddens, 2006) and these notions are not fixed and may vary over time (Maynard, 1999). Consequently, gender is not the direct product of biological sex (Maynard, 1999; Giddens, 2006) but rather it is a construction of society.

West and Zimmerman (1991) argue that an understanding of the role of gender in social situations will help explain how interaction occurs and how it is sustained by social control processes. Understanding of the role of gender in society is important because no society ignores gender (Lorber and Farrell, 1991). Moreover, as Giddens (2006) describes *'men's roles are generally more highly valued and rewarded than women's roles: in almost every culture, women bear the primary responsibility for child care and domestic work, while men have traditionally borne responsibility for providing the family livelihood'* (p467). As such, gender plays a central role in the opportunities that individuals and groups face (Maynard, 1999), their roles in social institutions (Giddens, 2006) and complex organisations (Acker, 1991).

Thus gender is socially constructed and the theory of Social Constructionism originated as a critique of the Essentialist approach. The Essentialist approach *'implies that how we interpret and give meaning to biological phenomena is unproblematic, inherent and independent of cultural discourses and practices'* (Maynard, 1999, p120). However, Social Constructionism argues that an idea may appear to be natural but actually it has been produced and disseminated socially and is taken for granted and then perpetuated (Berger and Luckmann, 1967). As such, Social Constructionism analyses how reality has been constructed and how people create and sustain their perceived reality (Berger and Luckmann, 1967). Thus knowledge and identities are constructed in an ongoing process (Talja *et al.*, 2005). In the context of gender this means that *'doing' gender is a social practice which positions persons in contexts of asymmetrical power relations'* (Bruni *et al.*, 2005, p3). Consequently, how gender is constructed and perpetuated in society influences the roles that people adopt and this will influence women's experience of entrepreneurship. For example, by becoming an entrepreneur in the first instance a woman may be regarded as unusual for not adhering to the traditional concept of the female role (Goffee and Scase, 1985).

Nonetheless, the social construction of gender is often overlooked and Kantor (2002) is critical of research that utilises gender as a variable to explain success but does not consider how gender is constructed. Maynard (1999) elaborates stating that research which is merely 'additive' in nature and just adds research about women onto existing research regarding men, fails to consider that the female experience may challenge many of the assumptions and concepts that are present in the existing research on men. Moreover, the gendered nature of entrepreneurship may be further compounded as gender is often taken for granted as a method for organising society and consequently research into female entrepreneurs may become gender biased as it is undertaken on male based assumptions (Neergaard *et al.*, 2005).

In fact, Ely (1995) analysed the role of gender as a social construct in a study of legal firms in the US, and found that gender was not an objective property of individuals but rather it was an ongoing social construction that varied for individuals across time and across settings. Furthermore, the social construction of gender varied for women depending upon the environment in which they worked. For example, in sex-integrated legal firms rather than male-dominated firms, the traditional division of masculine traits demonstrated by men and feminine traits demonstrated by women were less rigidly adhered to, resulting in

a more fluid interpretation of gender (*ibid*). This prompted Ely (1995) to conclude that gender is an ongoing social construction.

Hence research into female entrepreneurs must be cognisant of the environment in which the female entrepreneur is operating as this may influence the social construction of gender. This is particularly pertinent in this research, as it includes female entrepreneurs operating in both traditional and non-traditional female business sectors and thus the female entrepreneurs may experience different constructions of gender depending upon the environment in which they operate.

Therefore the social construction of gender has led to society defining different roles for men and women based upon their gender. These roles then permeate the world of work and entrepreneurship. The differing roles of men and women in society will now be explored in more detail with specific reference to the sphere of work to provide an insight into the background against which the entrepreneurs operate.

### **3.5 Societal Expectations Regarding Gender and Work**

*‘Since the rise of industrialisation, the social organization of moral responsibility has expected women to seek personal development by caring for others and men to care for others by sharing the rewards of independent achievement’* (Gerson, 2002, p8). Traditionally, the prevalent societal expectation was that women would shoulder the burden of the caring responsibilities whilst men would engage in the economic sphere. This expectation reflects the social construction of gender, whereby caring and nurturing characteristics are attributed to women with the implicit assumption that women should act as the carer (Agger, 1998). Consequently, gender roles permeate society, impacting upon and exerting an influence on women’s lives (Jaggar, 1983). West and Zimmerman (1991) elaborate on the extent of this influence, arguing that gender influences the allocation of power and resources in the domestic, economic and political spheres and also within the area of interpersonal relations. Nonetheless, society is dynamic and the social construction of gender changes as circumstances evolve and there have been a number of important changes in recent history that impact upon the relationship between gender and work.

The extent of these changes prompted Walby (1997) to argue that *‘fundamental transformations of gender relations in the contemporary Western world are affecting the economy and all forms of social relations. The driving forces behind these changes are*

*the increase in women's education and paid employment and new forms of political representation of women's interests'* (p1). These changes impact upon the expectations of the female entrepreneurs and the parameters of society in which they operate. Thus this section shall now consider the changes in women's participation in education and the workforce to further understand the context in which the entrepreneurs operate.

### 3.5.1 Increased Female Participation in Education

Shifts in society are reflected in legislative changes and those changes had a dramatic impact on the education of women. In 1944, the Education Act introduced free secondary education for all and this was particularly important for girls, as traditionally their participation in secondary education had been lower (Crompton, 1997). This revolution in education occurred simultaneously with the other improvements in women's rights and helped to facilitate the move of women from the private to the public sphere (Walby, 1997).

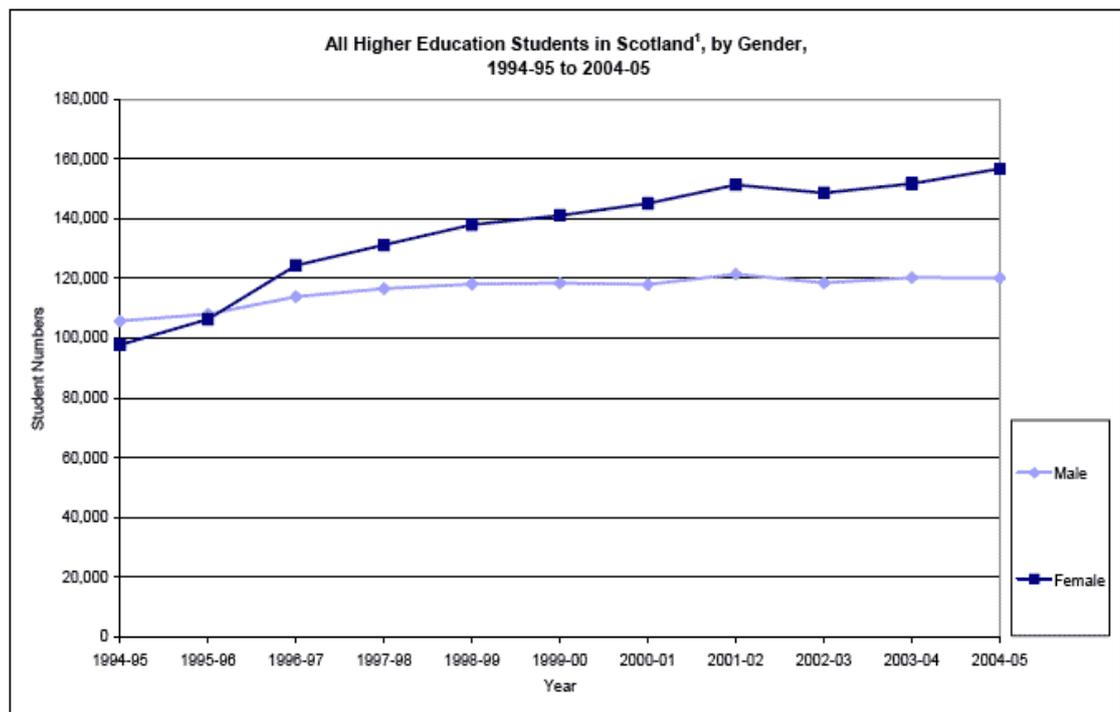
Since then women's educational involvement and outcomes have been improving. From the end of the Second World War young women's school leaving qualifications have been improving at a faster rate than those of young men (Crompton, 1997). In fact, in the mid-1970's less than one fifth of boys and girls gained three or more Highers, however thirty years later this had improved dramatically with 34% of girls and 26% of boys gaining this level of qualification (Equal Opportunities Commission, 2006). Thus increasing numbers of young women have gained increasingly higher qualifications.

Yet despite the improvement in women's participation in education, in one area change remains stubbornly slow; the subjects that girls study continue to be divided along traditional gender lines. For example, girls are more likely than boys to study biology, arts and languages whilst boys are more likely to study computing science and physics (Breitenbach and Wasoff, 2007). Subsequently, young women continue to study subjects that are traditionally considered to be more 'female' subjects and these subject choices will have an impact on their future career choices and entrepreneurial opportunities.

One further area of significant change is women's participation in tertiary education. It has become more common for young women to proceed into tertiary education. In 1965, there were only 15,000 first-year female undergraduates admitted to British universities compared to 38,000 male students (Crompton, 1997). Since then the emerging culture of

women continuing their education combined with the recent expansion of higher education has provided the opportunity for more young women to proceed into tertiary education. In fact, the number of women in tertiary education has now surpassed the number of men. For example, in 2004-05, 57% of all higher education students studying in Scotland were female (Scottish Executive, 2006a). This steady increase in the number of female higher education students relative to the number of male students is clearly illustrated in Figure 3.1 below:

Figure 3.1 Comparison by Gender of Higher Education Students in Scotland



(Source: Higher Education Statistics Agency and Scottish Funding Council in Scottish Executive, 2006a)

Again despite the increase in the number of women participating in tertiary education, a similar pattern to secondary education occurs wherein the subjects that women choose in higher education also remain divided along traditional gender lines. For instance, in Scotland in 2003/04 ‘84% of graduates from Allied Medicine, 73% of graduates from Social Studies and 69% of graduates from the Creative Arts were female’ in contrast ‘89% of graduates from Engineering and Technology, 76% of graduates from Mathematical Sciences and 75% of graduates from Architecture were male’ (Scottish Executive, 2006a, p109).

In vocational education apprenticeships also exhibit a gendered pattern of participation with the Equal Opportunities Commission (2006) highlighting how less than 1% of apprentices in construction and plumbing and less than 2% in engineering are female. Conversely, only 1% of apprentices in early years child care and education are male. In spite of the changes in society, the overall traditional gendered lines of education remain with students continuing to study subjects divided along gender lines. Furthermore, this gendered subject choice has a significant impact on the future career paths of male and female students (Breitenbach and Wasoff, 2007) and the attendant entrepreneurial opportunities available to them.

### 3.5.2 Increased Female Participation in the Workforce

The number of women working has increased steadily over the past 100 years and this represents an important change in the workforce of industrial nations (Witz, 1997). Indeed, in recent times the proportion of women in employment has grown considerably. For instance, in 1971 in the UK the employment rate for women was 56%; however, by the end of 2008 this had increased to 70% (Office for National Statistics, 2010). This denotes a marked increase in the number of women participating in the labour force. This increase in the number of women working is also reflected in Scotland, where the number of women in employment has increased from 57% in 1985 to 72% in 2006 (Scottish Executive, 2007c). The steady increase in the number of women working reflects the changing social structures and the increased acceptance of women working outside the home.

Furthermore, traditional male areas of employment have been declining since World War Two whilst the areas in which females tend to gain employment have been expanding. For instance, the decline in heavy industry and the expansion of the service sector has provided more jobs that are considered 'women's work' and subsequently the numbers of women working has steadily increased (Charles, 2002). However, gender segregation is evident in the workforce at both the horizontal and vertical levels (Witz, 1997; Burr, 1998) and many women in the UK hold low paid, part-time, semi-skilled or un-skilled jobs (Shaw *et al.*, 2001).

The horizontal labour market division refers to the concept that jobs are gendered, producing 'men's work' and 'women's work' (Burr, 1998) which leads to men and women pursuing different occupations (Witz, 1997). For example, in the UK women were found

to dominate the *'five "c's" – caring, cashiering, catering, cleaning and clerical'* (Women and Work Commission Report, 2006, p4). Hence the horizontal segregation of labour is demonstrated in the sectors in which women work. For instance, in Scotland men and women tend to work in different sectors with women comprising 72% of the workforce in Public Administration, Education and Health and men comprising 89% of the workforce in Construction and 82% in Energy and Water supply and 75% in Agriculture, Forestry and Fishing (Breitenbach and Wasoff, 2007). Progress in gender desegregation in occupations has also been slow, as integrated occupations, that is occupations with 30-50% female participation, have only increased by 3% in the UK from 1979 to 1990 (Witz, 1997). Therefore the horizontal gender division of occupations remains largely static. Consequently, it appears that in general, men and women are following different paths in their working lives and finding employment in different sectors and this will have an impact upon the work experience that they gain.

The vertical division of labour refers to the inequality between men and women in the workplace that is reflected in their status and pay (Burr, 1998). A significant issue in women's employment is the prevalence of the pay gap between men and women. The European Foundation for the Improvement of Living and Working Conditions found that in the EU labour market women are over-represented in both the low and low-medium income levels and seriously under-represented in the high income categories (EFILWC, 2002). In the UK, although the Equal Pay Act was passed over thirty years ago, the pay differential between male and female workers is still evident. In fact, the Women and Work Commission (2006) found that *'women working full time earn just 87 per cent of the male median full-time hourly wage or just under 83 per cent of the male mean full-time hourly wage'* (p1). These figures remain static and in April 2008, the gender pay gap between full time male employees and full time female employees (calculated by taking the mean and using hourly earnings and excluding overtime) was 17.1% (Hicks and Thomas, 2009). The pay gap is also evident in Scotland, where in 2005 women full-time workers earned only 88% of male full-time workers average hourly pay (Breitenbach and Wasoff, 2007).

The pay gap persists even when men and women enter the workforce with similar levels of education, as female graduates three years after graduation earn 15% less than male graduates (Women and Work Commission Report, 2006). Moreover, the pay gap is exacerbated by part-time working with part-time female workers earning 41% less per hour than men who work full time (Women and Work Commission Report, 2006). This is

a significant issue as women returning to the labour force comprise one quarter of the female labour force in the UK and many work part time and this may heighten the impact of the pay gap (Tomlinson *et al.*, 2005).

Female workers are also more likely to fall under the low pay threshold. Overall, 23% of the workforce in Scotland are categorised as low paid workers. However, women are almost twice as likely to be represented in this category as male workers, with 31% of female and 17% of male workers classified as low pay workers (Breitenbach and Wasoff, 2007). Moreover, when considering total income, women also trail behind men in Scotland. In 2002/03 women's total individual incomes (including earnings from financial assets or benefits) were only 60% of men's total incomes (Breitenbach and Wasoff, 2007). Furthermore, households in which a woman is the highest income householder are more likely to report concerns about money and less likely than households in which a man is the highest income householder to have a bank account, savings, investments or home contents insurance (Scottish Executive, 2001b). These factors may culminate to produce differences between men and women's financial resources. Indeed, these differences may make it more difficult for women to accumulate the financial capital required to start their own business.

### 3.5.3 The Glass Ceiling

A further issue in women's employment is the concept of the glass ceiling. The glass ceiling describes the subtle barrier that prevents women from moving up through the management hierarchy (Akande, 1994). Thus the glass ceiling is an example of vertical segregation and refers to the fact that occupational hierarchies are constructed on a gender basis (Witz, 1997). Consequently, many women find that they reach a certain level of an organisation but are then unable to progress further due to their gender. The presence of the glass ceiling varies depending on the organisation and may be present at different levels of the hierarchy (Large and Saunders, 1995). In essence, the glass ceiling may mean that although women increase their presence in an occupation they may still fail to realise their potential within that occupation (Maynard, 1999).

Large and Saunders (1995) analysed the presence of the glass ceiling in organisations and concluded that *'unless equal opportunities employers analyse both the organisational and the individual blockages, then the glass ceiling of managerial female and male job segregation at middle, senior and director levels will continue'* (p25). Furthermore,

Fischer and Van Vianen (2005) argue that more recently the culture of corporate organisations has become that of '*masked masculinity*' (p351). This means that the stereotypical masculine values are still the dominant values of the organisation. However, they are hidden by a public endorsement of more feminine values (*ibid*).

Moreover, it is extremely difficult to isolate the variables that prevent women from reaching the top of organisations. However, the statistical data regarding the gender composition of senior management teams in business may indicate the presence of a glass ceiling. Although thirty years have passed since the Equal Opportunities Act became legislation, few women have broken through the glass ceiling to reach director level in the UK (Singh and Vinnicombe, 2004). In fact, Martin *et al.* (2008) in their research into firms of all sizes in the UK, found that female directors account for only 1 in 4 directors in UK firms and based on the rate of change between 2003 and 2005, gender balance in company directorships in the UK would not be achieved until the year 2225! Moreover, amongst the largest firms, women constitute only 12.5% of the FTSE 100 board members (Vinnicombe *et al.*, 2010). This situation demonstrates how relatively few women have reached the upper echelons of the corporate world.

Arguably the glass ceiling may also be present in Scotland, where a significant number of the highest level jobs are held by men. For example, in 2005 women constituted 68% of the local government workforce nevertheless only 13% of Local Authority Chief Executives were female (Breitenbach and Wasoff, 2007). Women also comprised 58% of secondary school teachers, however, only 21% of secondary school head teachers were female (Breitenbach and Wasoff, 2007). These statistics are startling but important as they illustrate the wider employment context against which the female entrepreneurs operate their businesses.

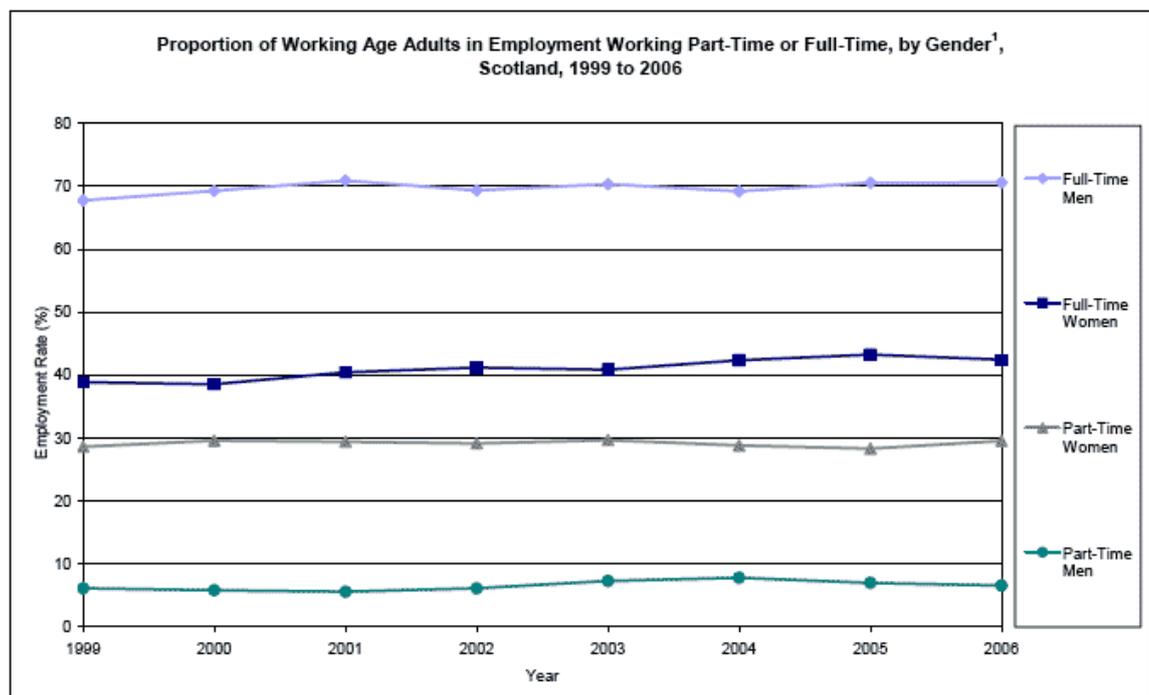
#### 3.5.4 Balancing Employment and Caring Responsibilities

The increase in the number of women undertaking paid employment has also necessitated new strategies for those with dependents to combine their traditional caring role with paid employment. The number of working mothers has increased steadily in the UK, '*in 1981 fewer than half of married women with children worked, whilst now two-thirds of mothers and 58% of mothers of under fives are in employment*' (Office for National Statistics, 2005). Nonetheless, the support structures to assist with this shift have not kept pace, with the Equal Opportunities Commission (2006) reporting that while there are 185,000

childcare places available, there are over 250,000 children under five years old. The problem of combining work and childcare is further compounded as the types of employment that women enter has broadened, from traditional jobs such as teaching to a wider range of professional jobs, and these jobs may not include the shorter working hours or long holiday breaks, making it more difficult to combine child care and work (Crompton, 1997). Thus balancing caring responsibilities may also be more difficult as working mothers and families must find a way to accommodate both roles.

Combining the roles of carer and employee may be one of the reasons why women are more likely to have more variable career paths than men. Engaging in part-time employment is one example of this variable career path. Part-time employment is defined as working less than 30 hours per week (Tijdens, 2002) and research has found that women are more likely to work part-time than men. For example, Blackwell's (2001) study of employment in Britain found that of the men and women aged between 20-39 in 1971 who were present in the three Census' between 1971 and 1991, only 4% of the men worked part-time in at least one survey whilst 55% of the women worked part-time at least on survey. This pattern is also reflected in Scotland, where women are more likely to work part time than men and this is clearly illustrated in Figure 3.2 below:

Figure 3.2 Comparison by Gender of Working Patterns in Scotland



(Source: Labour Force Survey Spring Quarters (March to May) in Scottish Executive, 2006a)

However, part-time employment may be regarded as detrimental to a women's occupational status. Jacobs' (1999) concluded that from 1946-1986 the occupational status of men, full-time employed mothers and childless women increased whilst that of part-time employed mothers decreased. Part-time employment also increases the level of gender segregation in the workforce with segregation between female part-time employees and male employees higher than between female full-time employees and male employees (Blackwell, 2001).

The quality of part-time employment has also been questioned. The Women and Work Commission concluded that there is a lack of good quality part time jobs resulting in women being herded into a narrow range of low skill jobs (Women and Work Commission Report, 2006). The problems associated with part-time employment led Witz (1997) to categorize part-time jobs as *'ghettoised and feminised... inferior in every way to full time jobs'* (p245) having been devised to fulfil the employer's needs.

To summarise, the general trends illustrated by the statistics are that whilst women have increased their educational attainment and their presence in the workforce, their experiences of the workforce may differ to that of men. Gender continues to exert an influence from the choice of subjects studied in secondary and tertiary education, to the subsequent sector of employment and their occupation therein. There is also evidence of vertical segregation within the workplace, a gender pay gap and a possible glass ceiling. As Walby (1997) summarises *'while women are almost as likely to be employed as men...they do not receive proportionate benefits, such as pay and pensions, nor have the same levels of job security, nor access to such skilled work...Women's skills and labour are wasted more than those of men, under-utilised in terms of levels of skill and range of occupations'* (p12-13).

In essence, men and women continue to have different experiences of education and the workplace. Moreover, it is in these gendered roles that they garner the required human and social capital to launch their ventures. Thus it is important to understand the role of gender in this process and the possible impact that it may have, as this may have an influence upon their subsequent entrepreneurial careers.

### 3.5.5 Caveats to Consider

The general trends reflected in the statistics in the preceding sections are not without important caveats. For instance, the changes that have occurred in society, regarding women's education and employment have occurred over a period of time and therefore the extent of their impact on individual women will vary depending upon the age of the woman. Therefore it is important to appreciate that changes in the social structure have not affected all women equally and as a result there is now a difference between younger and older women in the workforce and the career paths that they follow (Walby, 1997). Due to increasing levels of education and work experience, younger women are no longer as disadvantaged in relation to men as older women are and this produces '*age-specific patterns of gender inequality*' whereby younger women are participating in the public domain in education and employment and older women are participating much more in the private domain (Walby, 1997, p47). Differences in age also produce different expectations of the workplace experience. For instance, Mattis (2004) found that the number of women quoting the glass ceiling as a reason for deciding to leave private sector organisations to start their own business has increased steadily with the younger female entrepreneurs more likely to offer it as a reason. Indeed, of the women who had owned their business for less than ten years, 22% cited the glass ceiling as a motivation to launch their own business, compared to only 9% of those who had owned their business for over twenty years. Therefore as women's expectations of the workplace continue to increase it may be that increasing numbers of women will leave the corporate environment to become entrepreneurs in order to fulfil their expectations of work.

Another important caveat to consider is that the role of men in society is also changing. There is evidence that a new trend is emerging wherein men wish to invest more in their personal lives and become more involved in fatherhood (Dambrin and Lambert, 2008). However, overturning the organisational obstacles to take a more active role in their family life may be even more difficult for men than women, as the prevailing societal stereotype is that men will be less involved in family life than women (Dambrin and Lambert, 2008). Notably in a study of the financial services sector in Scotland, Bond (2004) found that being male and a parent led to greater work-life conflict and that as such fathers may be more likely to experience the greatest work-life conflict. In addition, young men may be more vulnerable to the pressure to work longer hours as they may identify more with the organisation as a means to achieve career success whereas young women may be less

willing to compromise other aspects of their lives (Simpson, 1998). As such, it may be even more difficult for men to achieve a work-life balance.

Indeed whilst work remains central to the construction of the male identity, it may be difficult for men to find work that offers opportunities for family involvement (Gerson, 2002). As a consequence balancing work and family life may become more important in men's experience of the workplace and may also impact on their entrepreneurial experience. Thus the following quote may be true for both male and female entrepreneurs, *'at the outset of the twenty-first century women and men face rising conflicts over how to resolve the basic tensions between family and work, public and private, autonomy and commitment. They are searching for new strategies for reconciling an "independent self" with commitment to others'* (Gerson, 2002, p8-9). Thus gender, specifically the social expectations associated with gender, continue to affect experiences of work.

### 3.6 Women's Experience of Entrepreneurship

Nonetheless, the pattern of women's increasing participation in education and employment, has translated into greater numbers of women partaking in entrepreneurship. In fact, Belcourt (1991) argues that *'the increase in the number of women creating businesses may be the most significant change in work force composition in the 20<sup>th</sup> century'* (p49). Thus the remainder of the chapter will review current literature regarding women's experience of entrepreneurship. This literature covers a broad range of areas, but can be divided into research that considers female entrepreneurs' relative possession of the human, social and financial capital required for entrepreneurship. However, reviewing the literature reveals a range of disparate findings regarding female entrepreneurs' experiences. To help order and understand these disparate findings, two different theoretical lenses will be employed to provide a framework through which to analyse the findings. Here the tenets of Liberal Feminism and Social Feminism provide intriguing possible explanations for the diverse findings. Each theoretical lens offers a different paradigm through which to analyse and explore current findings. These theoretical frameworks will allow the research findings of women's experience of entrepreneurship will be presented and analysed. The following areas will be considered in turn, the role of the business sector, the time dedicated to entrepreneurship and combining caring responsibilities and entrepreneurship. The various sectors in which female entrepreneurs operate their businesses will now be examined.

### 3.6.1 Sector of Operation

In a similar fashion to paid employment, the sectors that men and women operate in as entrepreneurs may be influenced by their gender. Previous research found that women tended to create businesses in sectors where there is a high concentration of female employees (Goffee and Scase, 1985) and that some sectors of business are easier for women to enter than others (Ahl, 2006). Furthermore, successful female entrepreneurs were more likely to start a business in a sector in which they had previous experience (Carter and Cannon, 1992). As discussed earlier, women's employment is characterised by high numbers of women in the service sector. This pattern then continues into entrepreneurship whereby female entrepreneurs were found to be most prevalent in the service sector (Hisrich and Brush, 1984; Neider, 1987; Greene *et al.*, 1999, Bates, 2002; Roomi *et al.*, 2009) and were over represented amongst service sector entrepreneurs (Orser *et al.*, 2006). In fact, research in the UK found that *'48% of female start-ups and 41.9% of female owner-manager businesses are in the consumer services sector. This is the largest single sector for manager businesses and women are more likely than men to be in this sector for both start-ups and owner-manager businesses'* (Harding, 2003, p34). This situation is replicated in Scotland where female entrepreneurship is largely confined to traditional female sectors, with 20% of women's business start-ups found in both the personal and business services sectors (Scottish Enterprise, 2005). Therefore in Scotland a substantial number of female entrepreneurs operate within the service sector.

### 3.6.2 Service Sector Challenges

The propensity of female entrepreneurs to operate in the service sector has created what Kalleberg and Leicht (1991) term the *'female ghetto'* (p140). This notion refers to the fact that rather than offering an escape for women from subordination and the low paid, low status of employed work, opting for self employment and operating in the service sector merely translates into a potential low growth, low profit situation (Marlow, 1997). This may be because there are relatively low barriers to entry in the service sector and thus there is a lot of competition which may reduce profitability making business growth difficult.

This vicious circle of low pay in employment and low profits in self-employment could partially explain why Bates (2002) found that *'self-employed women not only earn significantly less than self employed men they also earn less than women work as*

*employees!*' (p315) and why Carter *et al.* (2002) noted that '*women are twice as likely as men to have part time employment in addition to owning their own enterprise*' (p4). This evidence indicates that many businesses do not generate sufficient income to support the female entrepreneur.

Women operating in the service sector are also more likely to report less support from institutional organisations than female entrepreneurs operating in other sectors (Constantinidis *et al.*, 2006). Operating in the service sector may produce an indirect financial discrimination due to 'sectoral crowding' that is, the tendency for service sector firms to operate in highly competitive sectors providing little opportunity for growth therefore presenting an unattractive prospect for potential investors and limiting investment (Deakins *et al.*, 2002).

The problem of attracting investment to a service sector business is further compounded by the relative lack of tangible assets that such businesses possess. Here investment is mostly in non-tangible assets such as customer relations and human capital as opposed to tangible assets such as buildings and equipment (Verheul and Thurik, 2001). The lack of tangible assets that service firms acquire, relative to manufacturing firms, may make them a less attractive proposition for investment because if the firm becomes bankrupt there are fewer assets for investors or lenders to sell to recoup their investment. This renders service sector businesses a more precarious investment and female entrepreneurs operating in this sector may struggle to secure investment.

Nonetheless, an important caveat is the fact that due to the intangible nature of the service sector, female entrepreneurs in this sector may be able to operate their business with less capital. Thus service sector businesses may '*require little if any financing*' (Zimmerman Treichel and Scott, 2006, p55). As a result, female entrepreneurs may be able to start and grow the business without the requirement for extensive financial investment.

### 3.6.3 Non-Traditional Female Sectors

Similar to their sectors of paid employment, few female entrepreneurs in Scotland operate within non-traditional sectors. Non-traditional female sectors include those such as the Science, Engineering and Technology (SET) sectors. For example, research in the UK reported that '*the number of female owned companies in Science, Engineering and Technology (SET) is staggeringly small*' (Prowess, 2007) with over ten times as many

male owned companies as female owned companies (Office for National Statistics, 2006). Indeed, the technology sector can be characterised as a male dominated environment with a masculine culture (Hampton *et al.*, 2009) and recent research findings prompted Marlow and McAdam (2011) to describe business venturing in the SET sector as '*steeped within masculinity*' (p15). The male dominated nature of the technology sector is borne out in the statistics regarding Scotland, wherein there where few new technology businesses led by women, in fact of the 5,855 technology based businesses present, only 8% were female led (Scottish Enterprise, 2005).

The heavily skewed gendered nature of the technology sector is significant as previous research illustrates that female entrepreneurs operating in non-traditional areas may encounter specific barriers. For example, Gundry and Welsch (2001) raise the issue of credibility when examining the high technology industry arguing that as it is not a traditional female industry, potential female entrepreneurs may face more of a challenge when attempting to establish themselves. Bates (2002) also found that women business owners tend not to be taken seriously when operating outside of traditional female sectors. A further concern is that research into women's careers found that women who challenge gender stereotypes will be perceived as odd and may be criticised by their peers in their attempts to break new ground (Evetts, 2000). This reflects the fact that certain types of business are compatible with the identity of being a woman whilst others are not (Ahl, 2006).

Female entrepreneurs operating in non-traditional areas were also found to be more concerned about the lack of external financing sources than their counterparts in traditional areas (Greene *et al.*, 1999). Moreover, Anna *et al.* (2000) found that the non-traditional female entrepreneurs perceived lower levels of financial support than those female entrepreneurs operating in traditionally female sectors. However, there remains very little research on women owned businesses in the Science, Engineering and Technology (SET) industries (Prowess, 2007; Zalevski and Swischowski, 2009) with little reliable data on women owned SET businesses in the UK (Deakins *et al.*, 2002). By exploring this little researched area and including female entrepreneurs operating in a non-traditional sector, this research will help to contribute to the limited body of knowledge in this area.

### 3.6.4 Part-Time Entrepreneurship

Reflecting women's more varied career patterns, many female entrepreneurs operate their business on a part-time basis to help balance their caring and work responsibilities. Part-time entrepreneurship is a common mode of operation amongst female entrepreneurs in Scotland with approximately 50% of women led businesses operating part-time, compared to only 13% of male led businesses (Scottish Enterprise, 2005). The option of engaging in entrepreneurship on a part time basis has been identified as an advantage of the flexibility of business ownership. In fact, the Women in Work Commission (2006) report even encouraged all government organisations tasked with promoting entrepreneurship, to stress to women the increased level of flexibility and the opportunity to gain a better work/life balance to encourage them to embark on an entrepreneurial career.

In practice though, the decision to operate on a part-time basis can have negative consequences particularly if the entrepreneur is seeking external investment. For example, Verheul and Thurik (2001) argue that operating part-time has a detrimental signalling effect, indicating to investors that the entrepreneur does not take the venture seriously enough to dedicate all their efforts to it, causing investors to become more reluctant and hesitant to offer funding. Additionally access to government support may be limited by part-time operation. Fielden *et al.* (2006) highlighted the restrictive nature of government funding support, emphasising how applicants have to fulfil male based notions of business operation for example by working full time. Consequently, female entrepreneurs operating part-time may not qualify for government assistance.

### 3.6.5 Caring Responsibilities and Entrepreneurship

Recent research indicates that the caring responsibilities that many women assume may influence their decision to engage in entrepreneurship. For instance, it was found that the likelihood of women being self-employed increased significantly as the number of young children in the household increased (Caputo and Dolinsky, 1998). Moreover, in another study, the largest number of female entrepreneurs, 30 percent, were found to have left the private sector due to childcare obligations and because they required more flexibility (Mattis, 2004). Previous research also indicates that accommodating caring responsibilities are more of an issue for female entrepreneurs than their male counterparts. A large scale quantitative study, undertaken by the Small Business Service (2005), demonstrated this issue when 21% of women cited family commitments as a reason to

become self employed compared to just 2% of men. These results were replicated in Scotland where women were found to undertake the majority of the childcare and 20% of female respondents established their business to enable them to work from home compared to just 5% of male respondents (Scottish Enterprise, 2005).

However, whilst some female entrepreneurs operate on a part-time basis, many do not and in many cases entrepreneurship entails a significant time commitment. Williams (1999) reported that on average entrepreneurs work approximately sixty hours per week. A similar situation was prevalent in Scotland with Reid (1997) concluding that on average entrepreneurs dedicated fifty-eight hours per week to their business. The demanding nature of entrepreneurship has prompted researchers to warn that women who leave the corporate work place to enter entrepreneurship to achieve a better work life balance should consider their options carefully (Buttner and Moore, 1997). Indeed, the difficulties female entrepreneurs encounter in balancing their businesses with their families cannot be over-emphasised and entrepreneurship is not necessarily more compatible with home life as entrepreneurs may have less flexibility than for those in paid employment (Winn, 2004). Hence, female entrepreneurs seeking an improved work life balance may find that they are unable to work fewer hours than in paid employment and that they must attempt to balance both their business and family commitments. A significant body of research has been amassed regarding the effect of caring responsibilities on female entrepreneurs and this is summarised in chronological order in Figure 3.3 overleaf:

Figure 3.3 Empirical Studies into Caring Responsibilities and Entrepreneurship

Study	Research Context	Key Findings
Goffee and Scase (1985)	Female entrepreneurs in the UK operating in a variety of sectors.	Women retained their domestic responsibilities in addition to their business duties and they received little support from their spouses.
Stevenson (1986)	Review of the previous research into female entrepreneurship.	Women were limited in the time and effort they could dedicate to their business due to their roles of mother and household care giver.
Lee-Grosselin and Grise (1990)	Female entrepreneurs in Canada in three sectors.	The female entrepreneurs had prime responsibility for child care at both the start-up stage and during the day to day operation of the business. The requirement to balance both work and home life leads to modest expectations for the future of their company.
Carter and Cannon (1992)	Female entrepreneurs in the UK operating in a variety of sectors.	Female entrepreneurs could not rely on their spouses for the same level of support and have to assume the burden of business and domestic commitments.
Maniukiewicz (1997)	Male and female entrepreneurs in Scotland in a range of sectors.	Many of the female respondents felt they had full responsibility for child care and domestic issues which could lead to a lack of time to develop their business.
Marlow (1997)	Male and female small business owners in the UK.	Combining work and home was a significant problem for the female business owners but this was not cited as a problem for the male business owners.
Chell and Baines (1998)	Male and female micro-business owners in the UK in the business services sector.	All the female sole business owners who had children under the age of fourteen bore the responsibility for childcare. Of the solely male owned business, male partnerships and spouse partnerships, it was mainly the female partner who had responsibility for the childcare.
Cliff (1998)	Male and female entrepreneurs in Canada in a range of sectors.	Female entrepreneurs spent one and a half times as many hours on house work and child care as their male counterparts.
DeMartino and Barbato (2003)	Male and female entrepreneurs in the US in a range of sectors.	The flexibility of entrepreneurship is more important to female entrepreneurs than their male counterparts particularly once they are married and have children. Family commitments have less impact on the male entrepreneurs.
Williams (2004)	Male and female entrepreneurs in eight countries in Europe in a range of sectors.	In most countries, for both men and women, caring for children significantly reduced the duration of the self-employed venture.

Figure 3.3 continued:

<b>Study</b>	<b>Research Context</b>	<b>Key Findings</b>
Moult and Anderson (2005)	Mature female entrepreneurs in North East Scotland in a range of sectors.	Even amongst a sample of 'older' women, gender roles and expectations still played a major role in the respondents' businesses. Accommodating family demands was the female entrepreneurs' priority.
Shelton (2006)	High growth female entrepreneurs.	Female entrepreneurs who devise appropriate work-family management strategies have a more successful venture.
Walker and Webster (2007)	Male and female entrepreneurs in Australia in a range of sectors.	Younger women still have the double burden of work and caring responsibilities as they are statistically more likely to cite flexible hours, working from home and balancing work and family motivations for starting their business than young men.
Roomi <i>et al.</i> (2009)	Female entrepreneurs in England in a range of sectors.	For women who are growth orientated, child care responsibilities presented a hurdle to the growth and development of their business.
Shaw <i>et al.</i> (2009)	Male and female small business owners in Scotland in the business services sector.	Of the business owners with children, none of the male business owners were responsible for childcare in their family, however over two-thirds of the female business owners were responsible for childcare in their family. This may have a negative impact on the performance of the women's businesses.
Fielden and Hunt (2011)	Established and potential female entrepreneurs in England.	Childcare was a problem for three-quarters of the female respondents with young children. This impacted upon both their venture creation and their ability to access business support due to the limited time available.

Source: Compiled by Author

The emergent pattern from this previous research is that balancing domestic and work responsibilities is a more significant problem for female entrepreneurs than their male counterparts. However, the trend, as highlighted by Dambrin and Lambert (2008), of men wishing to be more involved in their home lives, indicates that this may change. Although to date, there has been little evidence of this found in the entrepreneurship research.

Therefore there is clear evidence to suggest that most likely due to the social construction of gender, men and women have different experiences of the workforce and these differences are reflected to an extent in their experiences of entrepreneurship. As such, it is imperative to analyse the findings of the existing literature to understand if and how, this influences the male and female entrepreneurs' procurement of the necessary resources for

their business. However, it is not enough to merely acknowledge these issues and research them as stand alone entities. Steps must be taken to embed the research in a conceptual framework (de Bruin *et al.*, 2006) in order to enable the work to be built upon and useful theoretical perspectives to be developed. Whilst this section has discussed how gender is a social construction, there are different lenses through which this construction can be viewed. The next section will now explore the literature in turn, utilising the theoretical perspectives of Liberal and Social Feminist theory, to help shed further light on the situation.

### **3.7 The Use of Feminism as a Theoretical Concept**

The goal of feminist research is to understand the implications of gender and produce alternative theories that may have a political and social impact (Hurley, 1999). The common strand of feminist theory is that there are inequalities in society that disadvantage women in relation to men and these inequalities should be rectified (Bristor and Fischer, 1993). Nonetheless, feminist theories vary in relation to each other (Lorber and Farrell, 1991; Bristor and Fischer, 1993; Giddens, 2006) and this reflects the heterogeneity of the world and different feminists' theoretical positions (Agger, 1998). Moreover, none of the categories of feminism is absolute and the political strategies and goals of each can overlap (Lorber and Farrell, 1991).

Over time different strands of feminist theory have emerged, each with a slightly different perspective. For instance, advocates of Marxist feminism regard capitalism as the root of women's oppression (Burr, 1998) whilst proponents of African feminism believe that feminist theories were developed on the basis of western women's issues and do not consider other women's issues (Giddens, 2006). Despite the many variations within feminist theory, at its root feminism aims to theorize and explain the differences due to gender. Thus the crux of the theory is the role of gender in society. As this thesis focuses upon the role of gender in entrepreneurship, two strands of feminist theory emerge which provide a useful framework through which to examine the key issues in the area of gender and work. Indeed, the tenets of Liberal and Social Feminist Theory provide a useful dichotomy through which to consider the findings of previous research. The principles of the two theories will now be discussed in order to understand how they can provide a conceptual lens through which the effect of gender on entrepreneurship can be explored.

### 3.7.1 Liberal Feminist Theory

Unger and Crawford (1996) describe the Liberal Feminist perspective by emphasising the similarities between men and women and the belief that in the same environments and with the same opportunities they will act similarly. Therefore men and women do not differ with regards to their rationality but rather they exhibit differences in their behaviour because they are confronted with different opportunities (Bristor and Fischer, 1993). Liberal Feminists believe that this is because *'men have tended to be treated as the "self" whose "self-interests" are to be protected. Women have tended to be treated as the "other"; as such, their interests were largely ignored or violated'* (Bristor and Fischer, 1993, p520). As such, women's individual rights and choices have been denied (Stacey, 1997). In effect, Liberal Feminists believe that women have encountered discrimination and have had access to fewer resources (Morris *et al.*, 2006). To rectify the situation Liberal Feminists advocate government intervention and legal protection to ensure equal access to opportunities for women (Bristor and Fischer, 1993; Stacey, 1997; Agger, 1998).

Applying this theory to the sphere of entrepreneurship focuses attention on the relative access to the resources required to successfully establish a venture. Liberal Feminists argue that *'women are disadvantaged relative to men due to overt discrimination and/or to systemic factors that deprive them of vital resources like business education and experience'* (Fischer *et al.*, 1993, p151). As a result it is hypothesised that women's enterprises will perform more poorly than men's enterprises due to the aforementioned discrimination (Watson, 2002). Female entrepreneurs may also be hindered in their accumulation of the required resources encountering barriers in accessing finance, acquiring the appropriate work experience and accessing the necessary networks (Brindley, 2005).

### 3.7.2 Social Feminist Theory

In contrast, rather than focusing on the different opportunities that men and women encounter, the Social Feminist perspective emphasises the ongoing socialisation of men and women. Social Feminists posit that *'due to differences in early and ongoing socialisation, women and men do differ inherently. However, it also suggests that this does not mean women are inferior to men, as women may develop different but equally effective traits'* (Fischer *et al.*, 1993, p152).

Therefore as opposed to the Liberal Feminist position, women and men are not considered to be essentially the same (Bristor and Fischer, 1993). Social Feminists believe that socialisation throughout life leads to differences between men and women (Morris *et al.*, 2006). To address the situation, Social Feminists call for a revision of the predominant social structures in order to allow men and women to participate in a wider range of roles and end the subordination of women due to their traditional roles (Bristor and Fischer, 1993). In terms of their entrepreneurial experiences, Social Feminists believe that female entrepreneurs may adopt different approaches in business to male entrepreneurs (Watson, 2002). For instance, DeTienne and Chandler (2007) found that although men and women have different stocks of human capital, which they use differently to identify different opportunities, there was no evidence of a difference in the innovativeness of the opportunities which they identified and as such, neither approach was superior (DeTienne and Chandler, 2007). This finding exemplifies the Social Feminist theory in practice, where due to their socialisation throughout life, men and women operate their business differently.

At their core the Liberal and Social Feminist theories differ in their beliefs regarding the differences between men and women. Whilst Liberal Feminists believe that men and women are essentially the same, Social Feminists believe that men and women are different. On this foundation the two theories cannot be reconciled. However, taken together their explanations for women's situations that is, women are discriminated against and women operate differently to men, may provide a more comprehensive explanation than each theory can offer alone. Thus women's experiences may best be understood by utilising each theoretical lens to explain different aspects of the situation. Consequently, it is important that the researcher is cognisant that the theories need not be mutually exclusive.

As discussed in Section 3.3, research into female entrepreneurship has been criticised for failing to engage in theory building (Stevenson, 1986; Brush, 1992; Carter *et al.*, 2001). Academics are particularly critical of research in the field, for failing to utilise the theoretical lens provided by feminist theory (Mirchandi, 1999) and specifically for failing to employ the lenses proffered by Liberal and Social Feminist theory (Haines *et al.*, 1999).

Whilst research into female entrepreneurship that utilises Liberal and Social Feminist theory is scarce, there are some notable exceptions. For instance, Fischer *et al.* (1993) were early adopters, utilising the Liberal and Social Feminist theories to provide an insight

into gender and entrepreneurship. Their work was built upon by Cliff (1998) who employed the two theoretical perspectives to help understand the role of gender and business growth. Further research utilising the Liberal and Social Feminist theories was also conducted by Watson (2002) who aimed to explain the differences between the performance of male and female businesses by employing the theories and Johnsen and McMahon (2005) who examined the impact of gender on financial performance. Furthermore, Marlow and Patton (2005) undertook a theoretical analysis of gender, entrepreneurship and finance and in doing so considered the tenets of Liberal and Social Feminism. Whilst DeTienne and Chandler (2007) explored the role of gender in opportunity identification, utilising the two theories to analyse the findings. Nonetheless, aside from these examples, the use of Liberal and Social Feminism as a lens through which to understand the findings of research into female entrepreneurship remains limited. This thesis aims to help redress this situation by adopting Liberal and Social Feminism as theoretical lenses through which to help understand the research findings. In doing so, this helps to build upon the existing work and contributes to the call for more research in this area to add to the body of knowledge.

Despite the fact that there has been little research undertaken that specifically utilises the Liberal and Social Feminist perspectives, the theories provide a useful framework through which to consider the findings of current research. Much of the research into female entrepreneurship has produced diverse and often contradictory findings. However, the Liberal and Social Feminist perspectives may provide possible explanations as to why these findings vary. Moreover, analysing previous findings through the two lenses will also help to examine the explanatory power of these theoretical perspectives and bring to light any issues which do not adhere to the two theoretical perspectives. The current literature will now be analysed through the two lenses in the following chapter.

#### **4.1 Introduction**

To fully understand the entrepreneurial process, the resources that entrepreneurs use to start and grow their business venture must be considered. These resources include human, social and financial capital (Aldrich and Martinez, 2001; Marlow and Carter, 2004). To date, there is a growing body of research that has been conducted into the relative possession of these three types of capital by male and female entrepreneurs. However, the findings of this research have been diverse and often contradictory. To help explore why this is the case, the findings will be scrutinised through the perspectives of Liberal and Social Feminism. Analysing the research in this manner will provide further understanding and offer insight into the areas that require particular consideration. Exploring these issues will help illuminate if there are differences between male and female entrepreneurs and their entrepreneurial process and if so, help to explain why these differences occur. Key issues in the research, include the impact of gender upon the relative possession of the required human; social and financial capital, and the motivation to use these resources and engage in entrepreneurship. All these areas will now be discussed in the literature review to further understand the situation and identify any possible differences that may be attributed to gender. This will be followed by a discussion of the theoretical insight provided by the Theory of Effectuation. Attention will turn firstly to the concept of entrepreneurship as a process.

#### **4.2 The Entrepreneurial Process**

As the research into entrepreneurship has grown, the concept of the entrepreneurship as a process has developed. Indeed it has been argued that to understand entrepreneurship, the entrepreneur must not be viewed in isolation but the entrepreneurial process must be considered (Jack and Anderson, 2002). Early research into conceptualising entrepreneurship as a process was undertaken by Bhawe (1994) who developed a Process Model of Entrepreneurial Venture Creation which divided the process into the opportunity stage, the technology set-up and organisation-creation stage and the exchange stage. However, it is important to not only consider the initial venture creation stage as the entrepreneurial process continues after the new venture is created. Therefore whilst new venture creation occurs in a relatively short time frame, the entrepreneurial process occurs

over a longer time frame (Anderson, 2000). Thus conceptualising entrepreneurship as a process draws attention to how it occurs over time (Kodithuwakku and Rosa, 2002) and encourages the researcher to consider the different stages that the entrepreneur navigates. For instance, Haber and Reichel (2007) define the stages in the entrepreneurial process as identifying an idea, judging the idea for its feasibility as a business concept, launching the venture and then operating the venture. Moreover, DeTienne (2010) emphasises that the process is completed with the entrepreneurial exit.

In addition to understanding the stages that the entrepreneur navigates, the entrepreneurial process also draws attention to the procurement of the resources required to establish the business (Brockner *et al.*, 2004; Haber and Reichel, 2007) such as financial and human resources (Brockner *et al.*, 2004). Therefore in order to understand the entrepreneurial process, this chapter will set the context by exploring the academic literature pertaining to male and female entrepreneurs' relative possession of the required human, social and financial resources for entrepreneurship. In the first instance, attention will turn to the motivation for entrepreneurs to engage in their endeavour.

### **4.3 Entrepreneurial Motivation**

The entrepreneurial process is to an extent influenced by the entrepreneurs' motivation. The role of motivation in entrepreneurship is a well researched topic. It is argued that the motivation for becoming an entrepreneur may vary depending upon whether the entrepreneur is a necessity or opportunity entrepreneur. Necessity entrepreneurs are those individuals who feel that they have no choice but to establish their own business as there are no other suitable employment options for them (Harding, 2003). Conversely, opportunity entrepreneurs are those individuals who recognise an opportunity and become entrepreneurs in order to exploit it (*ibid*). In essence entrepreneurs' motivations may be conceptualised as varying depending upon whether they have been pushed or pulled into entrepreneurship.

In early research, Brockhaus (1980) found that 59% of the entrepreneurs studied had the desire to start a business before they had an idea for the business as opposed to only 15% who had the business idea first. This finding led to Brockhaus (1980) arguing that many entrepreneurs were pushed into entrepreneurship due to dissatisfaction with their previous employment. Push factors were further highlighted in a study in Canada, where over one third of the female respondents had been pushed into self employment (Hughes, 2003).

Push factors cited included a lack of independence, overly bureaucratic organisations and negative work environments. Furthermore, with one exception, those respondents who had been pushed into self-employment were less satisfied with their experience of self-employment than those who had entered voluntarily (*ibid*).

Entrepreneurial motivation also impacts on the probability of survival of the venture. Reid's (1997) study in Scotland highlights this issue and found that the entrepreneurs who did not survive were more likely to have established their business to provide an alternative to unemployment and had therefore been pushed into entrepreneurship. Similarly, Buttner and Moore (1997) found that the motivating factors influenced the female entrepreneur's chance of success, females who became entrepreneurs due to pull factors made the successful transition. Therefore the motivation of the entrepreneur will have a significant impact on their entrepreneurial venture.

Various studies have also been conducted to ascertain if there are different motivations for men and women for becoming entrepreneurs. However, it is a complex interaction of a number of reasons that motivates women to become entrepreneurs (Buttner and Moore, 1997; Sarri and Trihopoulou, 2005). To date the literature is divided over the possible differences in motivations between male and female entrepreneurs. One strand of the literature has found little difference between male and female entrepreneurs' motivations and these findings are illustrated in chronological order in Figure 4.1 overleaf:

Figure 4.1 The Entrepreneurs' Motivations – Similar Regardless of Gender

Study	Research Context	Key Findings
Schwartz (1976)	Female entrepreneurs in the US in a variety of sectors.	The major motivations for female entrepreneurs were the need to achieve, the desire to be independent, job satisfaction and economic necessity. This was the same as male entrepreneurs.
Scott (1986)	Male and female entrepreneurs in the US in a variety of sectors.	The motivating factors for women becoming entrepreneurs were similar to men's motivations, that is, the chance to be ones own boss, the opportunity to make money and the challenge.
Rosa <i>et al.</i> (1993)	Male and female business owners in the UK in the textile and clothing; business services; hotel and catering sectors.	Both male and female entrepreneurs stated that making money was their motivation for becoming entrepreneurs.
Buttner and Moore (1997)	Female entrepreneurs in the US in a range of sectors.	The most important reasons for women leaving organisations were the pull factors of seeking a challenge and the opportunity for self-determination.
Johnsen and McMahon (2005)	Male and female SME owner-managers in Australia.	Female entrepreneurs may pursue alternate performance goals as well as, but not instead, of traditional financial and growth achievements.
Sarri and Trihopoulou (2005)	Female entrepreneurs in Greece.	Female entrepreneurs were motivated by economic and self-fulfilment reasons

Source: Compiled by Author

Thus Figure 4.1 details the body of literature that suggests that male and female entrepreneurs have similar motivations for engaging in entrepreneurship. These findings can be analysed through the theoretical framework of Liberal Feminism, whereby the fact that the male and female entrepreneurs shared similar motivations can be explained as an example of how men and women are essentially the same. Hence, the Liberal Feminist argument is that men and women are fundamentally similar therefore it is expected that they would share similar motivations for starting their businesses. Following this standpoint, it is not their motivation that differs but rather the opportunities that are open to them due to their gender. In effect, any possible differences between men and women's businesses are not due to different intrinsic motivations, but rather the subsequent opportunities that they encounter as a result of their gender.

Nevertheless, another strand of the literature provides a contrasting view, finding instead that men and women have different motivations for engaging in entrepreneurship. The findings from this strand of the literature are illustrated in Figure 4.2 below:

Figure 4.2 The Entrepreneurs' Motivations – Differ on the Basis of Gender

<b>Study</b>	<b>Research Context</b>	<b>Key Findings</b>
Brush (1992)	Female entrepreneurs in the US.	The 'Integrated Perspective' that is the belief that women are more motivated by building relationships through their enterprises and achieving a balance as opposed to men who are more interested in creating an economic entity.
Fasci and Valdez (1998)	Male and female entrepreneurs in the US.	Of the respondents who established their business for the primary reason of gaining flexibility 95% were female and their businesses had significantly lower profit ratios.
Orhan (2001)	Male and female entrepreneurs in France.	The female entrepreneurs placed less importance on prestige attributes such as social status and power than the male entrepreneurs. The female entrepreneurs with 10-499 employees, ranked participating in economic development as more important than revenue.
Carter <i>et al.</i> (2003b)	Male and female nascent entrepreneurs in the US.	Men ranked financial success and innovation as more important for choosing a career than females.
McCelland <i>et al.</i> (2005)	Female entrepreneurs in six countries.	The female entrepreneurs' predominant motivating factor was to provide a better environment for their family or community.
Kirkwood (2009)	Male and female entrepreneurs in New Zealand.	There were relatively few gender differences in motivation between the entrepreneurs. However, the women assessed the likely impact of entrepreneurship on their families and considered their children as motivators more than the male entrepreneurs.
Patterson and Marvin (2009)	In-depth case study of female entrepreneurs in England.	Three factors emerged that motivated the women to become entrepreneurs these were experience of gendered organisations in previous employment, their personal and domestic circumstances and the desire for independence and control.

Source: Compiled by Author

This alternative strand of the literature indicates that men and women do have different motivations. Proponents of Social Feminist theory argue that these different motivations are a reflection of the differences between men and women due to their differing

socialisation. Thus their different socialisation is a result of their gender and this socialisation is reflected in different business motivations.

Upon considering the evidence in both Figures 4.1 and 4.2, it is apparent that the existent research regarding male and female entrepreneurs' motivations for engaging in entrepreneurship provides support for both the Liberal and Socialist Feminist theories. However, there is no equivocal answer and this is an interesting point as it suggests that different factors are at play, providing the impetus and rationale to conduct further research into this topic to learn more.

#### **4.4 Business Growth**

Emanating from the entrepreneurs' motivation is their appetite for business growth. The entrepreneurs' desire for business growth is important because this influences the route that their business takes. A mass of research has been accumulated that examines if there are differences between male and female entrepreneurs' ambition for business growth. Again there are two contrasting sets of findings stemming from the research. One strand of the literature provides evidence to suggest that male and female entrepreneurs have similar aims for business growth and this literature is detailed in Figure 4.3 below:

**Figure 4.3 The Entrepreneurs' Growth Motivation – Similar Regardless of Gender**

<b>Study</b>	<b>Research Context</b>	<b>Key Findings</b>
Brush <i>et al.</i> (2001)	Female entrepreneurs in the US in the technology sector seeking equity financing.	Over 80% of the female entrepreneurs wanted to grow their venture as rapidly as possible. This suggests that there are female entrepreneurs who do choose to grow their ventures and operate similarly to male entrepreneurs.
McGregor and Tweed (2002)	Male and female small business owners in New Zealand.	There was little difference between male and female entrepreneurs with regards to their past behaviour relating to expansion. Furthermore, female entrepreneurs who were active networkers expressed a desire to further expand their business not only more than other female small business owners but also more than the male business owners.
Menzies <i>et al.</i> (2004)	Male and female nascent entrepreneurs in Canada.	Male and female nascent entrepreneurs were very similar and there was no difference in their preference for their venture to become a high growth venture.
Johnsen and McMahon (2005)	Male and female SME owner-managers in Australia.	There were no statistically significant differences in financial performance or business growth between male and female owner-managed SMEs when demographic and other controlling influences were taken into account.

Figure 4.3 continued

<b>Study</b>	<b>Research Context</b>	<b>Key Findings</b>
Watson (2006)	Male and female controlled small and medium enterprises in Australia.	Amongst the older firms that is, firms over 10 years old, the growth rate for female controlled firms was significantly higher than for the male controlled firms.

Source: Compiled by Author

The findings in Figure 4.3 posit that male and female entrepreneurs have similar ambitions for business growth. Interpreted through the lens of Liberal Feminism, these findings provide support for the idea that men and women are essentially the same, and act in a similar manner. Thus Liberal Feminists argue that any differences in the growth of male and female entrepreneurs' ventures are not due to innate differences but rather the differing opportunities that they encounter as a result of their gender. Indeed, this research provides a useful starting point in tackling the misconception female entrepreneurs don't grow their businesses because they do not wish to. In doing so, these findings help to challenge the stereotypes associated with female entrepreneurs.

Notwithstanding these findings, a parallel strand of the research supports the opposing view that male and female entrepreneurs do have differing inclinations towards growth. The findings from this research are illustrated in Figure 4.4 below:

Figure 4.4 Entrepreneurs' Growth Motivations – Differ on the Basis of Gender

<b>Study</b>	<b>Research Context</b>	<b>Key Findings</b>
Lee-Grosselin and Grise (1990)	Female entrepreneurs in Canada.	The female entrepreneurs valued a small and stable business and this was how they adapted to fit in their family commitments.
Mukhtar (1998)	Male and female entrepreneurs in the UK in a variety of sectors.	Male and female entrepreneurs deliberately choose to operate their businesses differently. Of eleven business characteristics including growth and modes of operation, ten were gender-related.
Cliff (1998)	Male and female entrepreneurs in Canada in a range of sectors.	Only 20% of women choose to judge their success by the size of the firm compared to 32% of the male entrepreneurs. The female entrepreneurs also pursued the growth of their businesses in a different manner, preferring to expand in a more conservative, controlled and manageable way.
Scottish Enterprise (2005)	Female entrepreneurs in Scotland in a range of sectors.	Few potential female entrepreneurs indicated an ambition to start a high growth business.

Figure 4.4 continued:

Study	Research Context	Key Findings
Morris <i>et al.</i> (2006)	Female entrepreneurs in a range of sectors in the US.	There was growth in a range of sectors therefore it is incorrect to assume that women owned businesses do not grow due to the sector that they operate in. Business growth is a deliberate choice of the female entrepreneurs and they trade off between the costs and benefits of growth.
Roomi <i>et al.</i> (2009)	Female entrepreneurs in England in a range of sectors.	Most female entrepreneurs do not opt to develop growth orientated businesses. Two most important goals for establishing their businesses were to generate enough income to provide for them and their families and to achieve a work-life balance.
Shaw <i>et al.</i> (2009)	Male and female small business owners in the business services sector in Scotland.	The male and female entrepreneurs had different business goals. The female entrepreneurs rated 'personal achievement, challenging yourself and personal vision' more highly than the male entrepreneurs whilst the male entrepreneurs rated 'building great wealth and financial security' more highly than the female entrepreneurs.
Orser <i>et al.</i> (2010)	Male and female entrepreneurs in Canada in a range of sectors.	Majority female-owned firms were smaller and less growth orientated than majority male-owned male firms. They were also less research and development intensive and less likely to export.

Source: Compiled by Author

In these studies, female entrepreneurs were found to act differently, exhibiting a preference for more controlled growth. From a Social Feminist perspective, these findings can be interpreted as a reflection of the differing socialisation of men and women which results in them having different ambitions for their business. Indeed, the caution displayed by the female entrepreneurs could be interpreted as evidence of socialisation whereby men are taught to be more ambitious and women are expected to be more cautious.

These divergent findings presented in Figures 4.3 and 4.4, emphasise how a conclusive answer to the role of gender in business growth has yet to be reached. Whilst the theories of Liberal and Social Feminism each explain different strands of the findings, neither theory seems to provide a full explanation for the heterogeneous findings of the literature.

Having examined attitudinal factors it may be useful to examine the personal resources that are seen to be deployed by different genders. Arguably the single biggest personal

asset is human capital and attention will now turn to the research undertaken into this topic.

#### **4.5 Human Capital**

Human capital refers to the ‘know how’ that a person accumulates. Jacobs (1999) identifies the main sources from which human capital may be gained as education, work experience and job based training. Thus human capital can be accumulated through both formal and non-formal education and training (Davidsson and Honig, 2003). Indeed, human capital can be built up over time and may be transferred between individuals, differentiating human capital from other individual characteristics such as personality traits (Wright *et al.*, 2007). Human capital is another source of capital that is required in entrepreneurship and as such, scholars are interested to learn more about the influence of gender in the acquisition of human capital.

To date, research has revealed a number of interesting findings. For instance, human capital has been found to be useful in helping entrepreneurs to obtain resources (Brush *et al.*, 2001). Indeed, when attempting to acquire a venture capital investment, it is believed that human capital is the most important factor (Brush *et al.*, 2001). Moreover, possession of a graduate education increases the likelihood of female entrepreneurs seeking equity funding (Carter *et al.*, 2003a). Furthermore in accessing finance in general, there are variations between female entrepreneurs, whereby women with less education found it more difficult to access finance; as did women who had not undergone training in their jobs (Constantinidis *et al.*, 2006).

The entrepreneurs’ possession of the necessary human capital also influences the probability of the firm expanding. For example, Brush and Hisrich (1991) found that female entrepreneurs who gain experience in the sector in which they are operating, improve their chance of expansion, in comparison to those who do not have experience in the sector. Likewise, Carter and Cannon (1992) found that successful female entrepreneurs were more likely to operate in sectors in which they have previous experience. Indeed, relevant industry and entrepreneurial experience is important for female entrepreneurs wishing to establish large firms with significant returns (Fischer *et al.*, 1993). These findings clearly emphasise the role that human capital plays in determining women’s experience of entrepreneurship.

A significant amount of research has also been conducted into whether male and female entrepreneurs vary in regard to their relative possession of human capital. The research findings regarding this topic are detailed in chronological order in Figure 4.5 below:

Figure 4.5 Gender and Human Capital

<b>Study</b>	<b>Research Context</b>	<b>Key Findings</b>
Loscocco <i>et al.</i> (1991)	Male and female small business owners in the USA in a range of sectors.	Female entrepreneurs were disadvantaged relative to male entrepreneurs as they lacked the relevant industry experience.
Carter and Cannon (1992)	Female entrepreneurs in the UK in a range of sectors.	Female entrepreneurs lack business experience in comparison to male entrepreneurs. Women encounter gender-related barriers in business ownership and utilise a variety of strategies to surmount these challenges including networking and training.
Baker <i>et al.</i> (1997)	Conducted a review of published articles regarding US women's business ownership.	Women business owners were often disadvantaged relative to male business owners as a result of the structural differences between men and women in society that result in female business owners possessing lower levels of human capital.
Cliff (1998)	Male and female entrepreneurs in Canada in a range of sectors.	The female entrepreneurs were less likely to hold a business degree or have prior ownership experience, possessing fewer resources to enable their business to expand than male entrepreneurs.
Boden and Nucci (2000)	Male and female entrepreneurs in the US in the retail and service sectors.	The female entrepreneurs are less likely to have prior managerial experience or to have 10 or more years of paid employment experience and so they cannot acquire the same levels of human capital as the male entrepreneurs.
Shaw <i>et al.</i> (2001)	Female entrepreneurs in the UK.	The different experiences of women and men in the labour market are translated into self-employment and business ownership and consequently women are disadvantaged relative to men in starting a business.
Verheul and Thurik (2001)	Male and female entrepreneurs in the Netherlands.	Male and female entrepreneurs have different previous work experience and male entrepreneurs have more financial management experience.
Orser <i>et al.</i> (2006)	Analysis of large scale government statistics of male and female small business owners in Canada.	Female entrepreneurs bring less human capital to their venture in terms of education and years of management experience.
Coleman (2007)	Male and female small business owners in the US in the service and retail sector.	The female business owners had fewer years of experience and were less likely to have graduated from college than the male business owners.

Figure 4.5 continued:

Study	Research Context	Key Findings
Fairlie and Robb (2009)	Male and female owned businesses in the U.S. in a range of sectors.	Female business owners were less likely to have gained previous work experience in a business providing similar goods and services as their business and thus had less business human capital.
Shaw <i>et al.</i> (2009)	Male and female small business owners in Scotland in the business services sector.	Whilst there were no gender differences in terms of education, the male business owners were older and possessed significantly more industry and management experience than the female business owners.

Source: Compiled by Author

As Figure 4.5 illustrates, there is a significant body of research to support the view that female entrepreneurs are disadvantaged with regards to human capital in comparison to their male counterparts. This supports the Liberal Feminist theory that due to discrimination, in comparison to their male counterparts, female entrepreneurs are disadvantaged with regards to their human capital. The culmination of this research is that there is a strong body of evidence to suggest that labour market inequalities continue to hinder women in entrepreneurship, as they enter entrepreneurship with lower levels of work experience and in particular, management experience.

Nonetheless, one important caveat is that women's experiences of education and the workplace are dynamic and perhaps the improvements in women's education as discussed in Chapter 3, Section 5.1 may filter through into their labour market experience. Over time the situation may change and in the future the differences between male and female entrepreneurs and the work experience that they bring to their venture, may be less marked.

#### 4.5.1 Self-Efficacy

The concept of self-efficacy is related to human capital. Self-efficacy concerns a person's belief regarding their own abilities (Bandura, 1991). Moreover, a person's level of self-efficacy in relation to the task at hand, determines to large extent the choices that they make, the level of effort that they dedicate to the task, how long they persist for if they encounter difficulties and whether their thought patterns hinder or aid them in their task (Bandura, 1991).

Hence, whether or not a person believes that they can become an entrepreneur has a significant impact on whether they will attempt to become an entrepreneur, how long they will persevere for, how much effort they will dedicate to the task and if their thought patterns will have a positive or negative impact (Bandura, 1991). Similarly, the Theory of Planned Behaviour dictates that a person's attitude towards a particular behaviour predicts their likelihood of engaging in that behaviour to an accurate degree (Ajzen, 1991). Consequently, it is highly pertinent to consider if gender impacts upon entrepreneurs relative levels of self-efficacy as it will impact upon their entrepreneurial decisions.

Early research into the role of gender in entrepreneurial self-efficacy, amongst undergraduate business administration students in the US, found that the male students perceived a greater degree of competency for executing the tasks involved in owning and running a business than their female counterparts (Scherer *et al.*, 1990). Similarly, further research found that female youths were more likely to report a lack of self-perceived knowledge (Kourilsky and Walstad, 1998). In this case, whilst both genders possessed a low level of entrepreneurial knowledge, it was the female youths who were more aware of their lack of knowledge than the male youths. This prompted Kourilsky and Walstad (1998) to conclude that this awareness of their lack of knowledge could make female youths less confident in their ability to launch a business venture.

More recent research found that regarding perceived levels of knowledge, the male respondents had significantly higher levels of entrepreneurial self-efficacy than the female respondents. Even when the female participants had the same level of education as the male participants they still lacked self-perceived knowledge (Chowdhury and Endres, 2005). As such, it is necessary to improve women's perception of the amount of knowledge they have gained in their education (*ibid*).

Likewise, Wilson *et al.* (2007) found in a study of middle and high school students and MBA students that women had a significantly lower level of entrepreneurial self-efficacy than their male counterparts. In fact, Wilson *et al.* (2007) emphasised the detriment of this finding because if female MBA students did not perceive that they possessed the required skills to become an entrepreneur then they were less likely to opt for an entrepreneurial career and thus self-efficacy acts as a potential barrier to entrepreneurship. The key finding is that even if women's actual disadvantage in education is diminished, their self-perception of their attainment lags behind men's and this continues to be problematic.

Much of the research on gender and self-efficacy focuses upon the perceptions of students who are currently enrolled in university programmes and so may not translate into entrepreneurial activity. However, Thebaud (2010) upon analysing the Global Entrepreneurship Monitor data for the United States over a five year period, found that despite having approximately similar amounts of human, social and financial capital, women were still about half as likely as men to think that they had the ability to be an entrepreneur. Thebaud (2010) theorised that this arose because *'women hold themselves to a stricter standard when evaluating their competence at the male-typed task of entrepreneurship'* (p300). Similarly Hart and Levie (2010) upon analysis of the UK Global Entrepreneurship Monitor data, found that men tended to have more positive entrepreneurial attitudes than women, particularly in terms of skills self-perception.

Extrapolating from the findings it emerges that entrepreneurial self-efficacy plays an important role in entrepreneurship, influencing how the entrepreneur perceives their human capital and helping to determine how they employ this capital. It is particularly important to consider the impact of self-efficacy in the Scottish context, given the discussion in Chapter 2, Section 6.1, which highlighted the strong influence that culture has upon entrepreneurship in Scotland. Indeed to date, research in Scotland has found that *'potential women entrepreneurs perceive they have limited business skills and knowledge in particular, more women than men believe they have no skills in selling, finance or IT'* (Scottish Enterprise, 2005, p24). Moreover, whilst 50% of the male potential entrepreneurs in Scotland believed that they had the knowledge skills and experience to start a business, only 30% of the female potential entrepreneurs concurred (Levie *et al.*, 2005). Thus it appears that there is a difference in how men and women in Scotland perceive their entrepreneurial abilities.

#### 4.5.2 Self-Confidence

Whilst self-efficacy focuses on the entrepreneurs perceptions of their abilities, self-confidence describes their confidence in their ability to carry out a task successfully. Thus the concept of entrepreneurial self-efficacy is closely linked to the idea of self-confidence as an entrepreneur requires the confidence to believe that they can carry out tasks successfully. There has been extensive research to compare and contrast male and female entrepreneurs to detect if there are differences in their levels of self-confidence and there are findings that suggest that women have lower levels of self-confidence than men (Birley, 1989; Fielden *et al.*, 2006). Self-confidence was also reported as a stumbling block

by female entrepreneurs in Scotland with Maniukiewicz (1997) reporting that over two-thirds of the female entrepreneurs felt that lack of self-confidence was a major issue. Lim *et al.*'s (2003) study on Scottish female graduate entrepreneurs also reported that the entrepreneurs had not considered starting a business upon leaving university and that a lack of confidence had been a barrier to them establishing their businesses. Having the self-confidence required to launch a business may also be influenced by a woman's socio-economic class as Fielden and Dawe (2004) found that women from lower socio-economic backgrounds felt that business ownership was '*something other people do*' (p140) and they did not feel confident to access the business support services.

The findings regarding self-efficacy and self-confidence are a cause for concern and emphasise the Social Feminist idea that men and women are socialised differently throughout their lives. Indeed, these findings add further support to the aforementioned point in Chapter 3, Section 3, that entrepreneurship is gendered male. Therefore the socialisation of women appears to affect their confidence in their ability to engage in entrepreneurship as this is considered to be an activity for men.

Notably however, the idea that women lack self-confidence is contested in other research. Kalleberg and Leicht (1991) for example, refute the proposition that females are less confident than male entrepreneurs as their research indicated that male and female entrepreneurs were equally confident. Lee-Gosselin and Grise (1990) also found that 43% of the female entrepreneurs did not experience fears when they established their business. This demonstrates a substantial level of self-confidence amongst some female entrepreneurs. Furthermore, self-confidence and entrepreneurial self-efficacy are not static concepts and can be improved upon. For example, Morris *et al.* (2006) found that many of the Modest Growth entrepreneurs in their study had had a negative self-image in the past which they had to overcome in order to be successful. Interestingly, in recent research where male and female business owners were asked to describe other male and female business owners, few differences were found between how male and female business owners were construed (Wilson and Tagg, 2010). Thus male business owners were not construed as competitive, self-confident or independent, nor were the female business owners described as 'lesser' or by different traits such as emotional or caring. Rather more androgynous personality traits were described such as, pondering, guarded or tactile. Thus the authors argue that when male and female business owners are asked to describe male and female business owners without prompts or questions based on stereotypical gender

roles, it is the similarities between male and female business owners that emerge, rather than the differences (Wilson and Tagg, 2010).

To summarise human capital is extremely important to entrepreneurs. There is strong evidence to suggest that female entrepreneurs are disadvantaged relative to male entrepreneurs with regards to their human capital derived from their previous work experience. However, the situation is dynamic and may indeed be changing. Human capital also encapsulates the ideas that a person possesses, therefore it is interesting to examine any possible differences between men and women's motivation and self-efficacy to engage in entrepreneurship and subsequent growth ambitions. The insight derived from existent literature is that there is evidence to support both the Liberal and Social Feminist theories. Attention will now turn to a further important type of capital, that is, social capital and the research regarding this area will be explored in more depth.

#### **4.6 Social Capital**

The term social capital is widely used and although its precise meaning is difficult to define, it broadly describes social interactions and the entrepreneur's connection to other people (Cope *et al.*, 2007). Essentially, social capital is the form of non-economic knowledge and the source of this is the entrepreneur's social network (Carter *et al.*, 2003a). Social networks have an important role in entrepreneurship, providing the entrepreneur with both information and possible alerts to opportunities (Carter *et al.*, 2003a). Hence, the appropriate social capital is one element of the capital required in establishing a business (Marlow and Carter, 2004). Indeed, entrepreneurship is a social activity wherein the economic elements are conducted within a social web of suppliers and customers (Anderson and Miller, 2003). As such '*social capital is a social relational artefact, produced in interactions but that it resides within a network*' (Anderson *et al.*, 2007, p249).

Hence, social networks influence entrepreneurs in a number of ways. In fact, social networks appear to encourage nascent entrepreneurs to embark on entrepreneurship. For instance, Abell *et al.* (2001) found that people who were members of networks containing a substantial number of self-employed people were more likely to become self-employed themselves, therefore people who are members of networks in which their friends are self-employed are more likely to become self-employed. As such, network membership may help to both initiate and facilitate entrepreneurship. This is reflected in Anderson and

Miller's (2003) research in Scotland, whereby entrepreneurs' human and social capital was found to be strongly linked to their family background, with those entrepreneurs from relatively humble socio-economic family backgrounds possessing more limited human and social capital, than those from more prosperous socio-economic backgrounds. Moreover, their relative levels of human and social capital in turn impacted upon their subsequent entrepreneurial endeavours with those from more humble socio-economic backgrounds owning smaller and less profitable businesses than those from more prosperous socio-economic backgrounds, as they were unable to access as fruitful opportunities through their networks (*ibid*).

Network membership may also help the entrepreneur access the appropriate resources to launch their venture. For example, McNicholl (1996) found that among the nascent entrepreneurs it was the more active networkers who were more successful in accessing the necessary support to enable them to develop their business idea. Once the venture has been launched network membership remains an important tool for survival and growth and may even provide a competitive advantage for small businesses. In fact, Shaw (1995) concluded that an entrepreneur's network is an advantageous marketing tool for a small business and one that may not be available to larger firms. Therefore the advantages that the network confers to the small business owner are very important. Furthermore, there is evidence to suggest that there is a close association between networking and business growth (Chell and Baines, 2000). This is especially pertinent for those operating in the non-knowledge business sector (e.g. recruitment agencies or printers) where it was found that there was a very high occurrence of decline or no further growth amongst the non-networkers (*ibid*).

Social networks may also influence access to finance. The pertinent role of networks was highlighted by Brush *et al.* (2001) who argue that venture capitalists tend to only consider investments that have been introduced to them; therefore membership of the appropriate network is necessary to ensure that the entrepreneur's business is recommended. Nevertheless, Carter *et al.* (2003a) found that networking did not have a significant effect on the female entrepreneurs' ability to secure equity financing and loans. As such, the role of networking for accessing equity financing remains contested.

In the accumulated knowledge of female entrepreneurship, there is evidence to suggest that male and female entrepreneurs possess different levels of social capital in their access to support and networks. One strand of the findings is detailed in Figure 4.6 overleaf:

Figure 4.6 The Role of Gender in Social Capital

Study	Research Context	Key Findings
Buttner and Rosen (1988)	Bank loan officers in the US assessing the characteristics of successful entrepreneurs.	It may be more difficult for women to cultivate network linkages because of the stereotype that women are lacking in the characteristics to become successful entrepreneurs.
Lee-Gosselin and Grise (1990)	Female entrepreneurs in Canada in three sectors.	Only 52% of the female entrepreneurs received 'only positive' or 'mostly positive' reactions from their environments regarding their proposal to launch a business venture. This indicates a lack of support for their venture from their social network.
Carter and Cannon (1992)	Female entrepreneurs in the UK in a range of sectors.	There is less reassurance from social networks as business ownership is not as readily recognised as a female pursuit.
Maniukiewicz (1997)	Male and female entrepreneurs in Scotland in a range of sectors.	68% of the female entrepreneurs felt that they were not taken seriously as entrepreneurs and had experienced negative attitudes from male business advisors.
Moult (2000)	Female entrepreneurs in the Grampian region of Scotland.	The female entrepreneurs had difficulty in accessing the predominately male business network, a close knit community based on contacts gained from the oil industry.
Brush <i>et al.</i> (2001)	Female entrepreneurs in the US.	Whilst women believed that their networks included both men and women, men stated that their networks are comprised of men, therefore women may not have the links that they think they have to the venture capital world.
Shaw <i>et al.</i> (2001)	Female entrepreneurs in the UK.	Female entrepreneurs have poor access to business networks. Women business owners have difficulty in joining informal networks and as such they may be less likely to secure growth finance than male business owners.
Verheul and Thurik (2001)	Analysis of a large scale survey in the Netherlands of male and female entrepreneurs.	Female entrepreneurs spend less time networking than the male entrepreneurs.
Aldrich <i>et al.</i> (2002)	Male and female nascent entrepreneurs in the US in a variety of sectors.	Nascent female entrepreneurs may not belong to networks that contain other nascent entrepreneurs. Female entrepreneurs may encounter difficulties in forming entrepreneurial teams because they are a minority amongst people seeking business opportunities.
Bates (2002)	Female entrepreneurs in the US.	Women owned enterprises are discriminated against when accessing business markets in part, because they are women owned.

Figure 4.6 continued:

<b>Study</b>	<b>Research Context</b>	<b>Key Findings</b>
Drakopoulou Dodd and Patra (2002)	International comparison of male and female entrepreneurs.	Women are under-represented in entrepreneurial networks.
Scottish Enterprise (2005)	Female entrepreneurs in Scotland in a range of sectors.	70% of the female respondents cited access to business contacts and networks as a barrier to establishing a business.
Constantinidis <i>et al.</i> (2006)	Female entrepreneurs in Belgium in a number of sectors.	40% of the female entrepreneurs were not members of any network or professional association and had a lack of information about external financing opportunities. Approximately, one third of the female entrepreneurs cited a lack of support from networks and institutional organisations, whilst one fifth identified a lack of support from family.
Zalevski and Swiszcowski (2009)	Male and female Science, Engineering and Technology doctoral students in England.	Male doctoral students were twice as likely as female doctoral students to discuss the possibility of commercialising their ideas with their supervisors and that their idea for enterprise had been taken seriously by their supervisor or academic staff. They were also more likely to agree that they received recognition for their invention or innovation.
Fielden and Hunt (2011)	Established and potential female entrepreneurs in England.	Upon entering business ownership, female entrepreneurs often felt isolated, particularly if they did not have access to other female entrepreneurs.

Source: Compiled by Author

Thus the literature in Figure 4.6 supports the hypothesis that women are disadvantaged in comparison with male entrepreneurs with regards to their social capital. Women are found to be particularly disadvantaged in terms of access to the relevant business networks. These findings can be explained by the Liberal Feminist view, that due to the structure of society women are discriminated against and consequently they do not have the same opportunities as male entrepreneurs.

However, whilst there is a strong body of evidence that supports the Liberal Feminist view, there are also contrasting findings apparent in the literature. For instance, Aldrich *et al.* (1997) found that female entrepreneurs were as active as their male counterparts in networking to obtain assistance and they are as successful as men in obtaining assistance from their networks, some of which they received at below market cost. Similarly, Read

(1998) upon examining male and female small business owners in the UK, found no evidence that the women encountered more difficulties in establishing business networks and that they had similar membership of business associations and that both their networks contained friends and business colleagues and accountants. Indeed, Katz and Williams (1997) stressed that both male and female entrepreneurs had to overcome barriers to partake in networking, including tiredness, apathy and demanding workloads.

In their study of the use of business advice and gender in Scotland, Robson *et al.* (2008) found that it is the size of the business, rather than the gender of the entrepreneur, that influences whether or not formal external advice is sought. Here larger businesses were found to be more likely to seek advice than smaller businesses (*ibid*). Whilst Watson (2011) in a large scale study in Australia, found that there was no difference in the frequency with which male and female entrepreneurs utilised formal and informal networking, consequently women were found to be as active in networking as men. Recently Foss (2010) conducted a review of the literature on gender and networking and concluded that there were no major differences in the networking behaviour of male and female entrepreneurs.

Nonetheless, other academics have found that female entrepreneurs' use of networking and the social capital that they seek to build may vary due to their business sector. For instance, early research by Carter and Cannon (1992) found that women used networking to help in the start-up process and in particular, women non-traditional industries utilised networking to establish themselves in an industry. Whilst research in the US also reported that women business owners seeking equity capital investments networked extensively and 50% spent over six hours every week talking to advisors (Brush *et al.*, 2001). Thus the sector in which the female entrepreneur operates in and their business strategy and aspirations may also influence their use and experience of networking.

Notably, a recent study by Loscocco *et al.* (2009) reported that the female entrepreneurs' greater involvement in their community meant that they had larger networks with a wider range of people than the male entrepreneurs. As such, the researchers concluded that whilst men's networks may be more effective as they contain fewer kin, it should not be assumed that women's social position in society always leads to their disadvantage (*ibid*). Interpreted through the theoretical lens of Social Feminism, these findings suggest that that due to their socialisation men and women network differently, however, that is not always

to say that the women's approach is inferior. Hence the research remains contested regarding female entrepreneur's access to social capital.

#### **4.7 Financial Capital**

The third type of capital required for an entrepreneurial venture is financial capital. Financial capital is required to both start and grow the business. Indeed, '*one of the most challenging issues facing the launch, growth, and operations of a start-up company is the acquisition and management of capital*' (Van Aucken, 2001, p256).

Nevertheless, despite the key role of financial capital in the entrepreneurial process, there remains a limited understanding of the financing of start-ups as opposed to the understanding of large firm and existing firm financing (Cassar, 2004). Improving the understanding of the experiences of small firms is particularly important due to the unique issues that small firms encounter relating to the availability of capital, awareness of financing alternatives and accessing capital markets (Van Aucken, 2005).

Of the research that has been conducted into entrepreneurial financing a number of key trends emerge. Firstly, lack of finance has been found to be a barrier to nascent entrepreneurs. It may be difficult for nascent entrepreneurs to raise the level of capital that they require to start their business. Indeed, entrepreneurs were found to be limited to a capital stock that is no more than about one and one-half times their personal wealth (Evans and Jovanovic, 1989). The crucial role of capital is further emphasised by the impact of removing financial constraints. Here two separate studies both found that the receipt of an inheritance increased an individual's probability of becoming self-employed (Holtz-Eakin *et al.*, 1994; Blanchflower and Oswald, 1998). These findings illustrate the key role that access to finance plays in enabling nascent entrepreneurs to progress and launch their business.

A second key theme in the literature is that acquiring sufficient capital at the start-up stage of the business is particularly important, as a lack of capital can have serious ramifications. In fact, Carter and Van Aucken (1990) found that as the percentage of the entrepreneur's personal funds in the total initial capitalisation increases, the financial problems that the firm experiences in its first year decreases. Similarly, Reid's (1997) three year study of new small firms in Scotland found that the owner-managers of the surviving firms had invested, on average, twice the amount of money at the launch stage as the owner-

managers of failed enterprises. Thus the appropriate levels of finance can help to minimise problems and increase the likelihood of the firms' survival. To summarise, '*undercapitalisation at start-up has an enduring negative effect on business survival and growth prospects*' (Marlow and Carter, 2005, p9).

Moreover, after the initial start-up stage the entrepreneur's financing strategy also has implications for the growth of their business with access to finance allowing the entrepreneur's firm to grow and compete with other firms (Ennew and Binks, 1996). Indeed, in a study of small firms in the UK, Howorth (2001) found that the most successful firms were those with a clear financing strategy who knew what their next source of finance was.

The third theme that emerges is that the entrepreneur themselves may be required to provide the collateral for any external finance. For instance, Cressy (1993) reported that 95% of overdrafts for new businesses over £20,000 were fully collateralised. This collateral is usually in the form of the family home, indeed, home ownership is one determinant of the rate of new firm start-ups (Black *et al.*, 1996). This issue may have particular resonance in Scotland, where traditionally there has been a lower rate of owner-occupation of housing than elsewhere in the UK, and as such, the requirement for home ownership as collateral may present an additional barrier (Danson, 1996). A further related issue has been raised by Levie and Mason (2009) whereby in many cases the tenancy agreement terms for social housing in Scotland prohibit tenants from starting a business at home without written permission and if granted, the social housing organisation may raise the rent. Thus the particular structure of housing ownership may have ramifications for prospective entrepreneurs in Scotland.

Whilst the literature stresses the importance of adequate financing, the final theme that emerges is that access to finance may present a particular problem for small firms. For example, it has been found that it is more difficult for smaller firms to access finance due to their size (Chaganti *et al.*, 1995; Ennew and Binks, 1996; Winborg and Landstrom, 2001) with small firms encountering difficulties in obtaining finance from outside parties due to information asymmetries and the transaction costs incurred (Ebben and Johnson, 2006). Thus financial institutions are less inclined to invest in small firms due to a lack of information regarding the firms which means that they must expend more time in understanding the small business and judging its potential performance.

Additionally, the relatively smaller amounts of finance that small firms are applying for reduces the level of return for the financial institution as the transaction costs as a proportion of the overall deal are increased (Ebben and Johnson, 2006). These issues combine to make lending to small firms less attractive for finance providers. In fact, Fielden *et al.* (2006) found that micro firms were four times more likely to be rejected for loans by banks and twice as likely to be rejected by venture capitalist and HP/leasing, than medium size firms. Therefore the size of the entrepreneur's firm has a significant impact on their ability to access external finance presenting the entrepreneur with a potentially vicious circle where they can't access the finance required to grow because they are too small and they can't grow because they can't access the required finance.

In the Scottish context, the Annual Survey of Small Business Opinions 2006 found that 25 percent of SMEs with employees had tried to access external finance in the previous year, and whilst most were successful, approximately one in four encountered problems, with half of these firms unsuccessful in securing finance (Scottish Government, 2008c). Therefore access to finance may not be a straightforward process for small firms in Scotland. The different types of finance that are available will now be explored.

#### 4.7.1 Types of Finance Available in Scotland

As the literature emphasises, financial capital is important and there are a number of different sources of finance for the entrepreneur to select from. These include self financing, government grants, bank finance, informal equity investment and venture capital. Therefore firms require a good understanding of the different types of finance available, as an inappropriate financing structure; a lack of information about the various financing options; or a misunderstanding of the different financial instruments can result in the firm's underperformance or financial distress (Van Aucken, 2001). The wide range of finance available in Scotland is detailed in Figure 4.7 below:

Figure 4.7 The Types of Finance Available in Scotland

<b>Type of Finance</b>	<b>Description</b>
Self-financing	Over fifty percent of the UK's entrepreneurs used their own money to start their business (Business Link, 2005). This is also reflected in Scotland where approximately half of entrepreneurs expected to fund the start-up themselves and the median expected cost of start-up was £10,000 (Levie, 2009).

Figure 4.7 continued

<b>Type of Finance</b>	<b>Description</b>
Friends and family finance	Internationally family members, friends and neighbours are the largest source of funding (Bygrave and Hunt, 2004). This is less common in Scotland, here only 12% of new business owners secured friends and family funds compared to 20% across the UK (Levie <i>et al.</i> , 2005).
Government Grants	In the UK there are over 2,500 grant schemes totalling over £5 billion available annually (Business Link, 2005). In Scotland various grant schemes are administered by organisations such as Scottish Enterprise, the Scottish Executive and local Councils. However, a recent survey in Scotland found that only 8.9% of businesses had used grant financing in the previous two years (Mason <i>et al.</i> , 2006).
Non-profit organisations	Various non-profit organisations operate in Scotland. For example, the Prince's Scottish Youth Business Trust offers grants and loans to people under the age of twenty-five who do not have the security financial institutions require (PSYBT).
Bank Finance	The Annual Survey of Small Business Opinions 2006 reported that of the SMEs with employees, who had sought finance in the previous 12 months, bank finance was the most common type of finance sought with 46% seeking this type of finance (Scottish Government, 2008c).
The Small Firms Loan Guarantee Scheme	Between 1994 -1997 the Scheme made approximately 7,500 loans per year, to the value of £250 million per year (Robson and Bennett, 2000). However, a survey in Scotland found that only 2.6% of businesses had used the Scheme to finance their business in the previous two years (Mason <i>et al.</i> , 2006).
The Business Growth Fund	This government fund was established in 1999 to improve the availability of finance to start up and growing companies in Scotland (Scottish Executive, 2003). It offers loans from £20,000 to £100,000 (Scottish Executive, 2003).
The Scottish Co-Investment Fund	In 2003 the Scottish Co-Investment Fund was established to address the equity gap for entrepreneurs seeking finance of up to £500,000. The Co-Investment Fund is a £20 million government programme that partners with private funds to invest in Scottish companies (Scottish Executive, 2003).
Business Angels	In 2004 it was estimated that there were 539 business angels in Scotland who over the previous five years had invested £149m (Don and Harrison, 2006). However, relatively few businesses benefit. A recent survey in Scotland found that only 0.9% of businesses had used business angel/ private investor financing in the previous two years (Mason <i>et al.</i> , 2006).
Venture Capital	When comparing regions in the UK, Scotland was found to have received a greater than expected share of early stage venture capital investment (Mason and Harrison, 2002). Thus there was more risk capital finance available in Scotland than was previously estimated (Harrison and Don, 2004). In 2008, 12% of the total UK venture capital investment was in Scotland (British Venture Capital Association, 2010).

Source: Compiled by Author

As Figure 4.7 illustrates there are a wide range of different types of finance available. However, the availability of finance may vary between sectors. The level of risk inherent in the firm is a key determinant of the potential sources and availability of finance to it, with equity investors preferring higher risk firms and debt providers preferring lower risk firms (Van Aucken, 2005). This is illustrated in the equity risk capital market in Scotland which has a preference for high risk sectors because they have the potential for the greatest returns. For instance, Harrison and Don (2004) reported that in 2003 in Scotland 60% of the companies receiving equity risk capital were in the bio-life science and information and communications sectors. Don (2000) found a similar situation with the venture capitalists focusing on technically innovative companies. The only service companies which received investment operated in e-commerce and no “old economy” companies received investment. Similarly, business angel investments tend to be restricted to fast growing businesses as the business angels seek a significant return on their relatively high risk investment. Therefore, the sector of operation may influence the types of finance the entrepreneur can access. This is particularly pertinent in this research with its focus on the business service and technology sectors.

Technology firms may have a more pressing need to acquire equity financing due to the substantial levels of capital that operating in the sector may require. The Scottish Executive (2006d) highlights the problem that entrepreneurs encounter in raising the necessary finance to progress and commercialise their research when discussing the funding that they make available to the commercialisation of science and innovation. *‘These schemes aim to support all the elements of the often tortuous and challenging process between basic research and commercial production’* (Scottish Executive, 2006d, p41). The use of the words *‘tortuous’* and *‘challenging’* emphasise the difficulty that entrepreneurs encounter in launching technology ventures, hence this is a sector where raising the required finance may be particularly difficult. Moreover the amount of finance required to commercialise new technologies and reach the marketplace may also necessitate the use of equity financing. Attention will now turn to the role of gender in financing.

#### 4.7.2 Gender and Finance

A recurring but unresolved theme is the role of the entrepreneurs’ gender in access to finance. Previous research has found that women-owned businesses were established with less capital than male owned businesses (Rosa *et al.*, 1993; Carter *et al.*, 2001; Shaw *et al.*,

2001; Verheul and Thurik, 2001; Watson, 2002; Marlow and Carter, 2005; Coleman and Robb, 2009; Fairlie and Robb, 2009, Shaw *et al.*, 2009). Notably, Carter *et al.* (2001) found that '*irrespective of sector and location, women start in business with only one third the amount of capital used by men*' (p7). Indeed, studies have consistently found that women start their enterprises with substantially lower levels of financial capital (Marlow *et al.*, 2009).

Moreover, access to finance has important ramifications for women-owned businesses. For instance, research found that access to finance was a more important determinant of the size of the female entrepreneur's venture than their lifestyle choice or intention or possession of human capital (Carter and Allen, 1997). Furthermore, Alsos *et al.* (2006), after controlling for the amount of financial capital invested in new start businesses, found that in terms of growth an important reason why male-owned ventures grow more than female-owned ventures is the higher level of financial capital that they acquire at the start. Thus access to the appropriate financial capital appears to be extremely important to the subsequent growth of female entrepreneurs' businesses.

Furthermore, existent research indicates that there are gender specific issues that must be considered. For instance, whilst accessing the appropriate finance is a challenge for all entrepreneurs, there is evidence to suggest that it may be a particular issue for female entrepreneurs. For example, Morris *et al.* (2006) reported that when the female entrepreneurs named their largest obstacles the top three were all related to accessing finance and included the difficulty in getting investors, commercial loans and personal loans for business, however male entrepreneurs were not included in this study. Similarly, Orser *et al.* (2000) found that of all the possible problems an entrepreneur could encounter, such as, foreign competition, access to foreign markets, exchange rates, transportation costs, government regulation, labour concerns and the access to capital, it was the access to capital that female entrepreneurs identified as the most significant problem. Indeed, the women business owners in the sample expressed more concern about the access to credit than the men did (*ibid*).

Research in the Scottish context, also indicates that access to finance is a particularly pertinent issue for female entrepreneurs in Scotland. Here, women led businesses were found less likely to seek external finance than male led businesses (Scottish Enterprise, 2005). Moreover, of those women led businesses who sought finance, over 20% were unable to obtain any finance compared to just 13% of male led businesses (*ibid*). This

finding represents an important disparity between male and female entrepreneurs in Scotland and warrants further research.

Whilst agreement has been reached in the literature regarding the lower levels of funding that female entrepreneurs launch their businesses with, the reasons as to why this is the case remain disputed. The differing findings and arguments will now be considered. One strong thread of findings, indicate that there are gender issues present in the access to finance with female entrepreneurs disadvantaged in relation to their male counterparts. These research findings are detailed in Figure 4.8 below:

**Figure 4.8 Access to Finance – Differs on the Basis of Gender**

<b>Study</b>	<b>Research Context</b>	<b>Key Findings</b>
Schwartz (1976)	Female entrepreneurs in the US.	Acquiring the necessary financial capital was the greatest challenge. Many respondents felt they had been denied finance on the basis of gender.
Hisrich and Brush (1986)	Female entrepreneurs in the US.	Women business owners encountered discrimination accessing finance.
Riding and Swift (1990)	Large scale study of male and female entrepreneurs in Canada.	Establishing a line of credit and developing the banking relationship was more difficult for women than men.
Fay and Williams (1991)	Loan officers in 200 branches of four major trading banks in New Zealand.	Loan officers were asked to assess identical loan applications from male and female entrepreneurs. Loan officers were less likely to recommend a loan for the female applicants than they were for the male applicants.
Fay and Williams (1993)	Loan officers in 200 branches of four major trading banks in New Zealand.	Where applicants had only a high school education, the woman was less likely to be offered the loan than the male candidate. Thus there was evidence of intrinsic gender discrimination.
Coleman (2000)	Male and female entrepreneurs in the US.	The terms of credit offered to women owned service firms had higher collateral than those offered to male owned service firms.
Greene <i>et al.</i> (2001)	Analysis of longitudinal data captured by surveys conducted by a venture capital association in the US.	Venture capital investment is particularly rare for women owned businesses. Only 2.4% of investments by the venture capital industry over the previous thirty years had been in women owned businesses. Whilst the situation was improving, it was only slightly, with 4.1% of investments in 1998 in women owned firms.
Amatucci and Sohl (2004)	Qualitative study of five high technology female entrepreneurs who accessed equity finance.	No consensus on the role of gender but strong statements regarding the difficulties arising from the investors' assumptions on the female entrepreneurs' management potential.

Figure 4.8 continued:

<b>Study</b>	<b>Research Context</b>	<b>Key Findings</b>
Blake (2006)	Qualitative research exploring the attitudes of bank loan officers in the US.	Gender bias was found in the rules e.g. entrepreneurs must have relevant skills and these emphasise male entrepreneurs' skills.
Bellucci <i>et al.</i> (2010)	Male and female small business owners in Italy in a range of sectors.	Although female entrepreneurs do not pay more for credit than male entrepreneurs, they do encounter more stringent non-price conditions and tighter credit availability. This negative effect is at least partly due to their gender.
North <i>et al.</i> (2010)	Male and female entrepreneurs in Scotland in a range of sectors.	Women owned businesses were more likely than men owned businesses to cite problems in accessing finance and this included accessing bank financing.

Source: Compiled by Author

Here the Liberal Feminist theory provides explanatory power for the findings in Figure 4.8, where women, on account of their gender, do not encounter the same opportunities as men. Thus female entrepreneurs face discrimination either directly or indirectly in their attempts to access finance.

Moreover, whilst lenders are prohibited by law from discriminating on the basis of gender, research has found that financial institutions' lending rules can be interpreted as containing a gender bias (Blake, 2006). An example of the gender bias inherent in the lending rules is the requirement for entrepreneurs to have relevant experience. Here the experience that is deemed relevant is that which emphasises the skills gained in male dominated occupations or at the male dominated management level (*ibid*). Thus although there is not blatant gender discrimination, the rules by which lending decisions are made contain a gender bias to the detriment of female entrepreneurs.

Additionally, there are also other indirect problems related to gender. For example, accumulating the required personal resources to finance their venture may also prove more difficult for women. As discussed in Chapter 3, Section 5.2, in the aggregate women's incomes continue to trail behind those of men and this hampers their ability to accumulate the required capital to launch their venture. This is reflected in Scottish Enterprise's (2005) finding that 77% of potential female entrepreneurs interviewed cited a lack of personal financial resources as a key constraint in establishing a new venture. Similarly,

women may encounter difficulties as the guarantees necessary to obtain external financing may exceed most women's personal assets and previous credit record (Shaw *et al.*, 2001).

Consequently, female entrepreneurs may be more reliant upon government grant funding to assist in financing their businesses. Indeed, both Fielden *et al.* (2006) and Carter and Rosa (1998) found that women business owners were more reliant on government grants and loans than male business owners were. In fact, two-thirds of the female entrepreneurs in Fielden *et al.*'s (2006) study could not have started their business without the financial assistance that government grants or loans had provided them with, even though these loans were for relatively small sums of money ranging from just £500 to £3,000. Nonetheless, the grant system was not without its difficulties with strict eligibility criteria that in some cases excluded retail businesses and this was particularly problematic, as many female entrepreneurs operate in this sector (Fielden *et al.*, 2006).

In contrast, to the body of evidence that found that women encounter discrimination, there is also a parallel strand of evidence that contests this idea. There are a number of studies that have found that women are not subject to discrimination in access to finance and these are detailed in Figure 4.9 below:

Figure 4.9 Access to Finance – Similar Regardless of Gender

<b>Study</b>	<b>Research Context</b>	<b>Key Findings</b>
Buttner and Rosen (1989)	Loan officers and students in the US.	Male entrepreneurs did not receive preferential treatment over female entrepreneurs in funding decisions. Loan officers did not discriminate.
Fabowale <i>et al.</i> (1995)	Analysis of a large scale survey conducted by a small business federation in Canada, comparing male and female small business owners.	No differences found between the rate of loan rejections and the terms of credit offered to male and female entrepreneurs.
Haines <i>et al.</i> (1999)	Large scale sample of bank loan files in Canada.	Interest rates offered and collateral required for female business owners were not any different to those for male entrepreneurs.
Haynes and Haynes (1999)	Analysis of large scale government surveys in the US, comparing male and female owned small businesses.	Male and female business owners had similar access to line-of-credit loans from banks.

Figure 4.9 continued:

<b>Study</b>	<b>Research Context</b>	<b>Key Findings</b>
Arenius and Autio (2006)	Male and female entrepreneurs in the business services sector in Finland.	Male and female business owners were very similar in how they financed their business and their most recent loans were found to be similar in size, interest rate and interest margin.
Hill <i>et al.</i> (2006)	Female entrepreneurs in high technology, high growth businesses in Northern Ireland.	The majority of female entrepreneurs did not report any discrimination in accessing finance.
Zimmerman Treichel and Scott (2006)	Analysis of large scale surveys conducted by business federation in the US, comparing men-owned and women-owned businesses.	There was no difference between male and female firm owners in receiving loan approval.
Carter <i>et al.</i> (2007)	Clearing banks in the UK and bank loan officers' judgement of loan applications from male and female entrepreneurs.	Lending officers use a wide range of criteria to assess loan applications and overall these did not vary on the basis of the gender of the entrepreneur.
Watson <i>et al.</i> (2009)	Male and female owners of SMEs in a range of sectors in Australia.	There were no differences in the rejection rates between male and female business owners applying for loans. Of the male and female business owners who received loans, there was no difference between them on the average time taken to approve the loan, the term of the loan or the interest rate charged.

Source: Compiled by Author

As detailed in Figure 4.9, not all the findings support the Liberal Feminist view that women are subject to discrimination. As such, existent research is divided over the presence of discrimination in female entrepreneurs' access to finance.

There are a number of possible explanations for these disparate findings. For instance, the findings may be complicated by underpinning factors and consequently, it is important to clarify the basis of the research. One possible explanation for the discrepancy may be due to the sector in which the business resides. For example, the propensity of female entrepreneurs to operate in the service sector means that many female entrepreneurs are not operating in sectors that are of interest to the venture capitalists (Greene *et al.*, 1999). It may also produce the indirect financial discrimination of 'sectoral crowding', the

tendency for service sector firms to operate in highly competitive sectors providing little opportunity for growth, presenting an unattractive prospect for potential investors and limiting investment (Deakins *et al.*, 2002). This problem is further compounded by the relative lack of tangible assets that service sector businesses possess as investment is mostly in non-tangible assets (Verheul and Thurik, 2001) resulting in less assets with which to secure finance. Therefore service sector businesses represent a more precarious investment and for this reason, female entrepreneurs operating in this sector may find it more difficult to access finance, not on the basis of their gender, but rather due to the nature of the sector.

Indeed, the impact of sector was noted by Constantinidis *et al.* (2006) who found that whilst female entrepreneurs in the service sector encountered difficulties in accessing finance, this was not a problem encountered for women owners of large established firms or those operating businesses in non-traditional, high-growth sectors. Hence the sectoral context may be instrumental in the research findings. This thesis aims to help explore this further and by comparing female entrepreneurs in the business service sector with the technology sector, any possible sectoral issues should be able to emerge, helping to add to the body of knowledge.

Nevertheless, while the role of sector may provide one plausible explanation, it is important not to overstate its role and to note that there is heterogeneity present amongst the experiences of female entrepreneurs even within the same sector. The incongruity of female entrepreneurs' experiences is demonstrated in Hill *et al.*'s (2006) in-depth qualitative research into the access to finance for female high-technology entrepreneurs in Northern Ireland. Here six of the respondents did not believe that they had encountered discrimination due to their gender whilst the remaining four female entrepreneurs had encountered discrimination. Therefore even within samples of female entrepreneurs in the same sector and geographical area there was a lack of consensus on the effects of discrimination. This reflects that whilst helpful, the role of sector cannot fully account for the differences between female entrepreneurs.

Notably, there have also been findings wherein it is the male entrepreneurs who were more likely to be refused finance than the female entrepreneurs. For example, Rosa *et al.* (1993) and Carter and Rosa (1998) both found that it was men rather than women who were more likely to be refused bank loans. Harding (2003) also found a similar situation reporting that although female entrepreneurs were less likely to try to access external finance, when

they did they were more likely to be successful than men. This may even point to a new trend where venture capitalists and bankers begin to regard female entrepreneurs as a good source of new business (Carter *et al.*, 2003a; Marlow and Carter, 2005).

At present, there is no unequivocal answer regarding the impact of gender on access to finance. As Orhan (2001) summarises '*the question of discrimination in access to finance remains unresolved*' (p99). Indeed, alternative explanations have been offered in the research. One alternative school of thought suggests that differences the entrepreneurs' use of finance occur because male and female entrepreneurs operate in a different manner. The research findings that support this idea are detailed in Figure 4.10 below:

Figure 4.10 Access to Finance – Influenced by Gender

<b>Study</b>	<b>Research Context</b>	<b>Key Findings</b>
Carter and Rosa (1998)	Male and female entrepreneurs in the UK.	Whilst male and female entrepreneurs accessed personal finance in a similar manner, female entrepreneurs were less likely to use institutional finance such as, bank loans and overdrafts.
Greene <i>et al.</i> (1999)	Female entrepreneurs in the US.	Retaining control of the business may be more important to women than men.
Allen and Langowitz (2003)	Female entrepreneurs in the US.	Women owned firms were more fiscally conservative.
Marlow and Carter (2005)	Male and female entrepreneurs in the UK.	Women appear to be more risk averse and apply for smaller amounts of funding than men do.
Orser <i>et al.</i> (2006)	Analysis of large scale government statistics of male and female small business owners in Canada.	Female entrepreneurs were less likely to apply for equity finance than men even when controlling for firm size and sector.
Watson (2006)	Analysis of large scale government statistics of male and female entrepreneurs in Australia.	Female controlled SMEs have lower levels of external funding than male entrepreneurs however, the primary cause may be due to pecking order theory rather than bank discrimination.
Zimmerman Treichel and Scott (2006)	Analysis of large scale surveys conducted by business federation in the US, comparing men-owned and women-owned businesses.	Women owned businesses were significantly less likely to apply for bank loans than men owned businesses.

Figure 4.10 continued:

Study	Research Context	Key Findings
Coleman and Robb (2009)	Analysis of longitudinal data from a large scale survey of new firms in the US, comparing male and female entrepreneurs.	Women started their firms with significantly less capital than men and then raised significantly lower amounts of both debt and equity follow-on capital. By the third year approximately twice as many men as women were using external debt.
Sena <i>et al.</i> (2010)	Men and women who are self-employed or have planned to enter self-employment in England.	Women are less keen on approaching external funders than men. All other things equal, receiving government support seems to increase the likelihood of women approaching external funders.

Source: Compiled by Author

Accordingly there is evidence to suggest that female entrepreneurs approach accessing finance in a different manner to male entrepreneurs. Viewed through the paradigm of Social Feminism these findings suggest that male and female entrepreneurs, due to their socialisation differ and these differences are reflected in how they operate their businesses. Moreover, there may be a multiplicity of reasons to explain this arising from the socialisation of women.

One possible explanation is that women's lack of belief in their financial expertise could prevent them from seeking finance. Research indicates that women are more likely to doubt their financial expertise than men. A study of small and medium enterprises in Canada aptly illustrates this idea, as here in contrast to the male business owners, a large proportion of the female business owners within firms of all sizes, doubted their own lack of financial expertise (Orser and Hogarth-Scott, 1995). Moreover, whilst Amatucci and Crawley's (2011) findings only partially attested to a lack of confidence regarding financial management amongst female entrepreneurs combined with anxiety about dealing with financial management. They noted that the majority of the firms that the female entrepreneurs owned had no employees and this minimised the financial challenges that these entrepreneurs encountered compared to owners of larger firms. Other authors have also highlighted how female entrepreneurs may perceive barriers in the business environment. Indeed, there is evidence that women *'perceive 'invisible barriers' that manifest themselves in attitudes towards them and often feel less valued than their male counterparts. Addressing the self-perception barriers should be a policy priority'* (Harding, 2003, p36).

Importantly, these perceptions may influence female entrepreneurs' opinion of access to finance. For instance, in a recent analysis of the UK GEM findings, upon controlling for background characteristics, it was found that being female significantly increased the probability that the entrepreneur would perceive financial barriers to business start-up by 7.4% (Roper and Scott, 2009). As such, female entrepreneurs were more likely to perceive financial barriers than their male counterparts and thus these perceptions will have an impact upon the female entrepreneurs' business decisions.

Another possible explanation for not seeking external finance is that female entrepreneurs may be more inclined to wish to retain control of their business. This idea is supported by Greene *et al.*'s (1999) finding, that retaining control of the business may be more important to women than men and this is notable as it could result in female entrepreneurs being less likely to seek external financing. In fact, retaining control was also of importance to the female entrepreneurs in de Bruin and Flint-Hartle's (2005) study of female entrepreneurs in New Zealand. They discovered that although some of the female entrepreneurs had been approached by Venture Capitalists offering investment, they had refused due to a desire to maintain control of their business and protect their autonomy (*ibid*). Similarly, Watson (2006) found that the differences in the levels of external finance between female and male controlled businesses were more pronounced between older than younger firms and concluded that this was not due to bank discrimination, but rather it was more likely an example of Pecking Order Theory. That is the female-controlled older firms, who have an established history, sought less external funding than male controlled external firms because they wish to utilise their internal resources first.

An alternative explanation is that there are possible differences between men and women's risk taking profiles. Arguably the theme of the findings in this area is that men are less concerned with risks than women (Slovic, 2000). For instance, in a study of the general population, women were found to take less financially risky decisions than men (Powell and Ansic, 1997). This risk aversion may filter into entrepreneurship and prevent women from starting their businesses. Research in the Scottish context appears to support this idea, as only 48% of women were attracted to the risks of running a business as opposed to 68% of men (Scottish Enterprise, 2005). Women were also more concerned about incurring financial debt, with 83% of women expressing concern compared to only 65% of men (Scottish Enterprise, 2005). Hence these findings indicate that men and women's attitudes towards risk and debt may differ by gender.

There is also evidence to suggest that risk aversion continues to have an influence once women start their businesses, as female entrepreneurs have been found to be more risk averse than male entrepreneurs (Carter, 2002 and Watson and Newby, 2005). This risk aversion is particularly prominent in research into financial decision making, whereby a comparatively greater aversion to risk was found in female entrepreneurs' financial decisions (Sexton and Bowman-Upton, 1990). This risk aversion also impacted upon the amount of funding that female entrepreneurs were willing to seek, with Marlow and Carter (2005) finding that women appeared to be more risk averse and applied for smaller amounts of external funding than men did.

Despite these findings, the idea that women are comparatively more risk averse than men remains disputed with divergent findings also present in the literature. In these instances, Masters and Meier (1988) found that there were no significant differences in the propensity to take risks between female and male entrepreneurs whilst Schubert *et al.* (1999) concluded that women do not make less risky financial decisions than men. Furthermore, Sonfield *et al.* (2001) also found that women were not more risk averse than men and that this extended to the strategies that they employed in their venture with no difference between the risk nature of ventures run by male and female entrepreneurs.

In seeking to understand these findings, it is also important to be cognisant that female entrepreneurs are not a homogenous group and it should be anticipated that different female entrepreneurs will differ with regards to their risk taking propensity. For example, Scollard (1995) suggested that there was a wide chasm between women who manage very large businesses, and take risks in exactly the same manner as men, and most other women who were cautious and not naturally prone to take risks. The heterogeneity of female entrepreneurs was also addressed by Constantinidis *et al.*'s (2006) research which examined different types of female entrepreneurs and found that the female entrepreneurs who created ventures in high skilled areas were risk taking, prompting the conclusion that *'that risk-aversion is not 'natural' and could potentially be worked on and deconstructed'* (p152). This finding emphasises the non-static nature of risk aversion and how it may be overcome.

Thus there is a range of research that considers the differences between men and women's behaviour. Whilst no firm conclusion has been reached, there is some evidence to support the Social Feminist idea that men and women's socialisation produces different modes of operating and this is reflected in their entrepreneurial endeavours and their access to

finance. Nonetheless, in a similar fashion to the empirical evidence that adheres to Liberal Feminist theory, this evidence is also contested. The conclusion that can be drawn from the research into the behaviour of male and female entrepreneurs is that there is no conclusive answer.

#### **4.8 Conclusion: Untangling the Findings**

Therefore current research remains divided regarding both, the extent of the role of gender in men and women's entrepreneurial experiences and possible explanations for the influence of gender. As Read (1998) emphasises *'it is far from clear as to whether gender plays a role in the problems faced by female business owners, how far difficulties are caused by discrimination, or whether they are merely a function of the characteristics of female business owners or of women-owned businesses'* (p60).

In reviewing existent literature, the theoretical concepts offered by Liberal and Social Feminism provide a useful lens for helping to order and understand the findings. Indeed, different strands of the literature give credence to both the Liberal and Social Feminist theoretical stances. However, whilst both theories help to shed some light on the situation there are limitations to the power of the explanations offered and key questions remain unresolved as neither theoretical explanation adequately describes the whole situation. Significantly these theoretical stances provide a useful starting point for considering the issues, yet highlight the need for further explanations. The requirement for continuing investigation reflects Wolcott's (2001) statement that *'theory should facilitate the inquiry process. It is not intended to bring quick and satisfying closure to an account'* (p78). Thus the ambiguity that remains necessitates the consideration of an alternative theoretical paradigm to help provide further insight into the situation.

Recently, the shortcomings in feminist theory in fully describing the role of gender in entrepreneurship have been recognised by scholars with calls emerging for the creation of a theoretical paradigm that combines the tenets of both entrepreneurship and feminist theories to help derive further understanding. Indeed, Orser *et al.* (2010) go as far as to advocate the emergence of a new theory, as they state:

*'Scholars are encouraged to concurrently examine how entrepreneurship theory might better inform feminist thought and how feminist thought might better inform entrepreneurship theory'* (Orser *et al.*, 2010, p951).

Therefore the aim of this call is to generate what Orser *et al.* (2010) broadly describe as a '*feminist entrepreneurship theory*' (p951). However, the specifics of this new theory have yet to emerge and further research is required to help explore and define what is at present, quite a nebulous concept. As such, the field is open to additional input to help build upon current work to realise the fruition of the new theory. Thus research that aims to utilise the insight provided by both feminist and entrepreneurship theories is both timely and necessary and the possibility exists to make a contribution to the field. Moreover, combining the strengths of both feminist and entrepreneurship theory to provide a more comprehensive understanding may also contribute to Marlow *et al.*'s (2009) request to embed research in more informed conceptual frameworks.

One way to reconcile the Liberal and Social Feminist theories with the disparities present in the body of research is to explore the issues from a different theoretical perspective. In doing so, a plausible starting point is to consider the process of entrepreneurship rather than focusing upon the outcomes and deriving comparisons from these. One limitation of the Liberal and Social Feminist theories is that they do not provide an explanation for the diversity and differences amongst female entrepreneurs. Rather they focus instead upon making comparisons with male entrepreneurs. However, the heterogeneity of female entrepreneurs is an intriguing aspect of the issue and it is important to try to understand the possible reasons for these differences. To rectify this, a theory is required that can draw attention to intra-gender differences and help to provide plausible explanations for these differences. One theory that focuses on the process of entrepreneurship and may help to explain the situation further is the Theory of Effectuation (Sarasvathy, 2001).

Sarasvathy's (2001) Theory of Effectuation, proposes a practical approach towards entrepreneurship and considers the process that entrepreneurs engage in. In essence, Sarasvathy (2001) argues that entrepreneurs start their venture with three types of 'means', that is they know who they are, what they know and whom they know. It is with this knowledge that the entrepreneurs go on to develop their business. To summarise, entrepreneurs exploit the contingencies that are open to them in their own particular circumstances (*ibid*).

In offering this explanation, Sarasvathy (2001) provides an alternative perspective that places the entrepreneurial process at the centre of the analysis. Indeed, rather than exploring the data to locate the successful personality or the characteristics of the successful firm, Sarasvathy (2001) suggests that the only way to understand how there are

so many different types of entrepreneurs and different types of firms are successful is to consider the process that they adopt. As she argues:

*‘The essential agent of entrepreneurship... is an effectuator: an imaginative actor who seizes contingent opportunities and exploits any and all means at hand to fulfil a plurality of current and future aspirations, many of which are shaped and created through the very process of economic decision making and are not given a priori’* (Sarasvathy, 2001, p262).

In moving the entrepreneur and the process they follow to the centre of the theoretical perspective, the Theory of Effectuation provides a further lens through which to consider the role of gender in entrepreneurship and allows further exploration of the data. Furthermore, the addition of this perspective and the focus on the entrepreneurial process may be the key to untangling the findings and helping to provide explanations.

The Theory of Effectuation also suggests that the entrepreneur attempts to mould and create the world that they are interested in rather than predicting it and reacting to the prediction (Sarasvathy, 2003). The entrepreneurs’ approaches can be distilled into four effectuation processes including; considering what they can afford to lose rather than what they expect to gain; building strategic alliances rather focusing on competitive analyses to assist with the process; exploiting the contingencies that arise in the marketplace rather than exploiting pre-existing knowledge; and finally not focusing on predicting an uncertain future but rather focusing on the controllable aspects of an unpredictable future (Sarasvathy, 2001). Moreover, once in business the configuration of the business is fluid as the entrepreneur exploits the changing means available to them as they increase their knowledge of their sector or as they expand their network or build their reputation (*ibid*). This bottom up, fluid approach to building the business, allows the entrepreneur to exploit their learning and helps to minimise the costs of failure (Sarasvathy, 2003).

This theory provides resonance as it offers a pragmatic approach, focusing upon the process rather than solely on the outcome or the inputs, however, they are conceived. In doing so, the Theory of Effectuation provides a useful tool to understand why the findings occur, helping to examine the nuances of the situation and adding to the understanding generated by the theoretical lenses of Liberal and Social Feminism. Additionally, by not focusing on gender it allows the conceptualisation of the findings from a different orientation, preventing the researcher from forcing the data into the feminist paradigm and allowing a more comprehensive analysis to be engaged in.

However, to date the Theory of Effectuation (Sarasvathy, 2001) has not been applied to the sphere of gender and entrepreneurship. Thus the combination of Liberal Feminism, Social Feminism and the Theory of Effectuation may contribute towards developing the '*feminist entrepreneurship theory*' that Orser *et al.* (2010, p951) call for. Indeed, the strengths of each theoretical perspective may combine to provide a more in-depth and insightful theoretical perspective to help unravel the highly complex influence of gender and entrepreneurship. Taken together these theories may help to proffer explanations as to *why* the findings occur. The methodology utilised to explore the complex topic of gender and entrepreneurship will now be discussed, in detail, in the following chapter.

## CHAPTER 5

### THE METHODOLOGY

#### **5.1 Introduction**

The aim of this research is to explore the entrepreneurial process to understand if it differs upon the basis of the entrepreneur's gender. Specifically, it considers the experiences of entrepreneurs operating in the business services and technology sectors. Thus this chapter will consider the methodological considerations for gathering the required data and engaging in its analysis.

#### **5.2 Philosophical Underpinnings**

Before the methodology can be discussed and justified, the philosophical underpinnings of the research must be considered. For instance, Hussey and Hussey (1997) begin their discussion of research methods by dividing the approaches to research into the positivistic and the phenomenological, with the positivistic encompassing the more quantitative data and phenomenological the more qualitative. Indeed, the term phenomenological approach is often used loosely to describe any study that considered the respondent's point of view in contrast with the positivist method in social science which utilises statistics (Benton and Craib, 2001). However, phenomenology is more complex than this. Indeed, in its true sense phenomenology refers to a complex philosophical position which is related to how humans impose meaning on the world (Benton and Craib, 2001). The philosophical underpinnings of phenomenology will now be discussed.

It was Husserl (1859-1938), a German philosopher, who founded the phenomenology school of thought, which aims to describe the everyday experience of the 'life world' (Hughes and Sharrock, 1997). In essence, Husserl (2002) gave more credence to a person's views in an attempt to garner understanding than traditional philosophies did. Indeed, Husserl critiqued previous philosophies for underestimating the complexity and diversity of thought and for imposing views 'from above'. In contrast, phenomenology proceeds 'from below' to include the diversity of experience (Moran, 2005). Thus Husserl was primarily concerned with people's conscious experience of their own world. In turning the focus onto a person's experience of a situation Husserl, enabled a new type of

knowledge to be created, one which accounted for people's experiences (Lemay and Pitts, 1994).

Heidegger (1889-1976), a former student of Husserl's, continued this philosophical mode of enquiry and published his seminal text 'Being and Time' in 1927. In this text, Heidegger focused upon the concept of 'being' as he felt that many philosophical traditions overlooked this key concept (Mulhall, 1996). To rectify this situation Heidegger introduced the concept of '*Dasein*' which refers to 'being in the world' (Clark, 2002). Thus each human being has their own unique experience of being in the world, which is shaped by their environment and this experience must not be overlooked (Lemay and Pitts, 1994). Consequently, '*phenomenology is the science of the Being of entities*' (Mulhall, 1996, p26) and provides a means of exploring individuals' experiences.

Significantly, the methods required for conducting an empirical research study arise from the underpinning philosophy (Delanty, 2005). Therefore in the case of phenomenological research, where the researcher aims to understand the respondents' lived experiences (Creswell, 2007), a methodology that allows this in-depth data to be captured must be adopted. Consequently, '*phenomenological inquiry is inherently qualitative in nature*' (Cope, 2005, p169).

Indeed, qualitative research aims to examine *why* the findings discovered occur (Curran and Blackburn, 2001) and the process is inductive with the researcher building from the details (Creswell, 1994). Therefore qualitative data is often regarded as rich, as it captures the details and nuances of the phenomena under investigation (Hussey and Hussey, 1997; Jack *et al.*, 2008). All individuals construct their own realities and form understandings according to their own paradigms (Hill and McGowan, 1999) and qualitative research methods assist in understanding these multiple realities and enable the researcher to understand how the respondents view their world and their reality. In essence, '*Good qualitative research ought to confound issues, revealing them in their complexity rather than reducing them to simple explanation*' (Wolcott, 2001, p36).

However, currently qualitative approaches to entrepreneurship research are used to a limited extent (de Bruin *et al.*, 2007). In fact, despite the calls for researchers to utilise more qualitative methodologies (Bygrave and Hofer, 1991; Gartner *et al.*, 1992) studies with qualitative methodologies remain in the minority. For instance, Chandler and Lyon (2001) in a review of the empirical studies of entrepreneurship published in the key

journals over ten years (1989-1999) found that only 18% were qualitative studies. Gartner (2008) is critical of the reliance on quantitative methods to explore entrepreneurship arguing that *'statistical analyses are often about comparing the averages among groups, yet the average isn't necessarily representative of anything more than what the researcher has constructed as a way to compare and contrast a grouping of unique individuals that the researcher believes is a group'* (Gartner, 2008, p359).

Alas many substantive issues in entrepreneurship are rarely considered (Gartner and Birley, 2002) yet many of the complex issues in the field could be explored by utilising qualitative methods (Gartner and Birley, 2002; Leitch and Hill, 2006). Importantly, there are many insights that only qualitative research can discover (Bygrave and Hofer, 1991). Therefore there is an urgent need for the greater use of qualitative methods in entrepreneurship research (Hindle, 2004). As Gartner (2008) states *'the current challenge is to pay attention to the stories that entrepreneurs tell about themselves, in the present, as to how their views of their past, present and future are seen and acted upon in their day-to-day lives'* (p360).

Focusing on the research into female entrepreneurs in particular, again qualitative methods are invoked to a limited extent with quantitative methods the dominant method of research (de Bruin *et al.*, 2007). However, the use of quantitative methods to research female entrepreneurship may be problematic, for instance Stevenson (1990) argues that quantitative methods encourage the development of profiles of the typical female entrepreneur and does not consider the heterogeneity of female entrepreneurs. Moreover, *'Researchers have, however, demonstrated that it is exceptionally difficult to extract experiences of gender discrimination via the use of quantitative methods'* (Carter and Cannon, 1992, p7). Thus there are also calls for the use of more qualitative methods of research into female entrepreneurship (Stevenson, 1990; Mirchandi, 1999).

However, the epistemological issues regarding the nature of knowledge and its acquisition (Snape and Spencer, 2003) must be considered when conducting qualitative research. Epistemology is the theory of knowledge and *'refers to a fundamental branch of philosophy that investigates the possibility, limits, origin, structure, methods and validity (or truth) of knowledge'* (Delanty and Strydom, 2003, p4-5). This presents the question; can all claims to knowledge be justified in the same way with broadly the same kinds of evidence, or can this vary for example between the social sciences and the natural sciences? (Rosenberg, 1988). The nature of knowledge has long been debated by

philosophers who can be broadly divided into two groups. Here the ‘rationalists’ were impressed by mathematics which arrived at absolutely certain conclusions by formal reasoning, whilst others subscribed to ‘empiricism’ where the whole source of knowledge about the world was the evidence of our senses (Benton and Craib, 2001). Given the types of questions that social scientists aim to answer, it is the empiricist view of knowledge that most cite when making claims to provide insight (Benton and Craib, 2001). Indeed in this research, when seeking to understand the lived experiences of the entrepreneurs, knowledge is generated through the analysis of the experiences and meanings described by the respondents.

As such, the nature of the relationship between the researcher and the researched (Hill and McGowan, 1999) is important because for the researcher to understand the respondents reality they must be close enough to them to discover, understand and interpret their reality (Shaw, 1999) consequently the findings are mediated through the researcher (Snape and Spencer, 2003). As Cope (2005) states *‘in this respect, the phenomenological description of the phenomena presented by the researcher represents a personal interpretation of the interpretations of the researched’* (p170). This has implications for the axiological issue; that is the role of values, making it necessary for the researcher to report their own values and biases as well as the information gathered (Hill and McGowan, 1999).

Furthermore there are limits to qualitative approaches. Collecting rich, detailed data requires smaller sample sizes to be invoked at the expense of statistical representativeness. The resulting smaller sample size renders it difficult to know if the findings represent the whole population (Carter and Rosa, 1998). However, even when quantitative methods are adopted there can be difficulties in ensuring representativeness due to the reluctance of entrepreneurs to participate in research resulting in problematically low response rates. For instance, Fischer *et al.* (1993) anticipated a low response rate to their research citing the reluctance of entrepreneurs to complete long questionnaires. Indeed, Allen and Langowitz (2003) garnered only a 3% response rate to a postal survey distributed to family businesses across the US, despite following best practices.

Curran and Blackburn (2001) offer an explanation for the particularly low level of participation of entrepreneurs, emphasising that they either don’t have the time or they don’t perceive the research to be relevant. Therefore ensuring the entrepreneurs’ participation is a key consideration in designing any entrepreneurship research

methodology and whilst qualitative research does not aspire to representativeness (Barbour, 2008) ensuring that entrepreneurs will participate is crucial.

Analysing the data collected by qualitative research is also intrinsically more difficult. Lillis (1999) raises the issue of validity, stating that readers may be sceptical of how conclusions are reached, querying if the researcher has only found what they set out to find or if other potential explanations were overlooked and readers may also question if the research process can be reproduced. Moreover, qualitative methods are particularly open to the introduction of researcher bias at the data analysis stage (Easterby-Smith *et al.*, 1991) wherein the researcher's background may influence their interpretation of the data and compromise their objectivity (Ghuri and Gronhaug, 2002). Thus Shaw's (1999) approach must be adopted, with the researcher explicitly stating how the process of data collection and analysis were undertaken to help allay concerns regarding how conclusions have been reached. However, concerns regarding the validity of the qualitative research can be mitigated by the use of a clear, systematic data analysis process.

Hence as the discussion illustrates, both quantitative and qualitative methods have their advantages and disadvantages (Carter and Rosa, 1998) and these must be considered before selecting the appropriate methodology. As this research aims to capture a detailed, rich insight into the experiences of entrepreneurs in Scotland, to gain a better understanding of their reality, in this case it is a qualitative methodology that best fits the purpose and will be adopted.

### **5.3 The Parameters of the Research**

At the outset of the research it is important to delineate the parameters of the research. To do this it is necessary to define the unit of analysis and the level of analysis of the study (Davidsson and Wiklund, 2001). In this case it is the entrepreneur that is the focus of the study and so the unit of analysis is at the individual level rather than the firm level. As discussed in Chapter 3, Section 2, the definition of an entrepreneur is highly contested. However, this research adhered to Low and MacMillian's (1988) suggestion that entrepreneurship should be defined as the creation of new enterprise. Accordingly the research explored their experiences in their role as the 'agents of change,' adhering to Drakopoulou Dodd and Anderson's (2007) position that entrepreneur's capture or produce change so they must remain central in the research process. As Shaver and Scott (1991) argue external factors such as economic factors, government support, network support,

marketing and finance are important, however, none of these alone will create a new venture and thus the focus must remain on the individual who will work to bring all these factors together and will persist to launch a venture and thus the individual is crucial. Indeed, Sarasvathy (2004) critiques previous research for focusing on the firm as the unit of analysis and overlooking the experiences of the entrepreneur, which are necessary to help develop content in entrepreneurship. Thus this research focuses upon entrepreneurs who have launched and have an ongoing involvement in their businesses.

Initially, the research was specifically focused upon access to finance and its role in the entrepreneurial process. However, as the research proceeded it became clear that the entrepreneurial process in its entirety was of particular interest and thus the remit of the research was widened to enable the consideration of all aspects of the process. This broadening of focus reflects the nature of conducting in-depth qualitative research, where the researcher begins by exploring one area but then as other areas begin to emerge as important, the research focus is expanded to accommodate the important points. Hence, the original focus solely on access to finance emerged as too narrow as the importance and key role of both human and social capital emerged. In order to fully understand the findings a broader stance was adopted and the research remit was re-defined to explore the entrepreneurial process in its entirety.

Another important parameter to consider is the inclusion of both male and female entrepreneurs in the research. One of the criticisms of previous research is the lack of studies that compare the experiences of male and female entrepreneurs (Riding and Swift, 1990; Kalleberg and Leicht, 1991; Brush 1992; Read, 1998; Mukhtar, 2002). For example, Brush's (1992) review of the literature found that nearly 50% of the studies sampled included only women business owners with only 26% including a male comparative group. The lack of research comparing the experiences of male and female entrepreneurs is problematic for a number of reasons.

Firstly as Fischer *et al.* (1993) argue, hypotheses that assert that women are disadvantaged cannot be tested if men are not included in the study. This is because these studies suffer from the lack of a control group with which to compare the results (Riding and Swift, 1990). Indeed, Fabowale *et al.* (1995) criticise the many studies that cite gender related problems for female entrepreneurs in accessing credit without comparing their experiences to the male experience. Therefore by including both men and women, the research can analyse the impact, if any, of the entrepreneurs' gender on the entrepreneurial process.

Secondly, including both male and female entrepreneurs also allows the exploration of gender related stereotypes, with Chell and Baines (1998) finding that when these are tested there may be as much variation within gender categories as between them. Thirdly, the concept of gender includes men as well as women (Bruni *et al.*, 2005) and male entrepreneurs are an interesting group too (Rosa *et al.*, 1993). Therefore taking the decision to include male entrepreneurs in this research, allowed a comparative analysis and facilitated a more comprehensive exploration of the pertinent issues.

Another significant methodological consideration was the decision whether or not to inform participants that the research would result in a comparison of male and female entrepreneurs. Previous literature indicated that academics were divided over how best to handle this issue. For example, Morris *et al.* (2006) openly asked the respondents about the impact of their gender on their entrepreneurial experience. However, this approach raises a particular issue. As Carter and Cannon (1992) explain, by stating that the research is concerned with gender, and encouraging the participant to consider their experience in terms of gender, it may raise the level of gender discrimination reported amongst the participants. For that reason, prompting the respondents to consider their experience in light of their gender may encourage them to frame their experiences in this context to a greater extent than they would have otherwise done. In fact, sensitising respondents to the issue of gender and discrimination occurs in many studies and is problematic (Read, 1998).

This problem may be further compounded by the issue of social desirability, whereby the participant may feel obliged to tell the interviewer what they assume they want to hear and thus they may be more likely to report their experiences framed in the context of their gender. This is a particular issue in qualitative interviews whereby if gender sensitization occurs it may be argued that the respondents are being led to define their problems as gender issues (Carter and Rosa, 1998). The inclusion of leading questions are also a possible hazard, with Riding and Swift (1990) critiquing research that includes leading questions such as those that ask female entrepreneurs if they believe that they were treated differently due to their gender.

Another interesting issue was raised by Lewis (2006) who highlighted that *'the notion that entrepreneurship is gendered, or that gender is a central variable in analyses of women's entrepreneurial success (or lack of success) is often an analyst's construct, rather than a principle that individuals themselves draw upon to understand their situation'* (p457).

Thus to feature gender at the centre of the study, is to impose a construct on the female entrepreneur which they themselves many not agree with, or define their actions by.

Hence it is imperative that research that focuses on gender must consider this issue when designing the methodology. In practice, different researchers have adopted different approaches. For instance some researchers, such as Rosa and Dawson (2006) and Hill *et al.* (2006), decided not to inform the respondents about the interest of the research in gender until near the end of the interview in order to minimize the possibly of biasing the responses. Whilst others such as, Arenius and Autio (2006) decided not to inform respondents at all that the research would examine gender differences in order to avoid perceptual bias in the responses.

On balance, it was decided that to guard against the possibly of gender sensitisation and to prevent introducing bias and prejudicing the results, it was necessary not to inform respondents that the analysis would be conducted along gender lines. By approaching the research in this way it would ensure that the entrepreneurs could raise the issues that were of importance to them and it would provide them with the forum to discuss these issues without the pressure of social desirability. Moreover, it would ensure that the researcher's construct of gender was not imposed upon the respondents. For these reasons, the approach adopted aimed to minimise the introduction of bias that could compromise the validity of the data. Therefore not explaining the gender aspect of the research was necessary to ensure the reliability of the data collected.

#### **5.4 Sector Selection**

A key point that emerged in Chapter 3, Section 3, was that female entrepreneurs are not a homogeneous group (Holmquist, 1997; Warren and Walters, 1998; McGregor and Tweed, 2002; Marlow and Carter, 2004; Sarri and Trihopoulou, 2005; Constantinidis *et al.*, 2006; Hill *et al.*, 2006). However, differences between women have been under-emphasized (Mirchandi, 1999) and current research has often ignored the differences between the female entrepreneurs (Haines *et al.*, 1999; Hill *et al.*, 2006) with many studies generalising the behaviour of women business owners and ignoring the differences between them and the businesses they operate (Brush, 1992). Consequently, there are calls for research which explores the differences between female entrepreneurs (Sonfield *et al.*, 2001; Marlow and Patton, 2005; Hill *et al.*, 2006).

To help answer this call and to further understand the possible differences between female entrepreneurs, entrepreneurs operating in two different sectors were the focus of this research. Potentially sector selection can exert a significant influence on gender research. In fact, Rosa and Hamilton (1994) argue that sector selection is the most important factor to consider in gender research, as how this is handled can lead to varying results. For example, what may appear to be a gender difference at the aggregate level may actually reflect a sectoral difference and the sectors included in the sample (Rosa and Hamilton, 1994). Therefore the importance of holding constant for the impact of different sectors was highlighted, although, Rosa and Hamilton (1994) acknowledge that there is still considerable variation between businesses within in each sector. Thus this research stratified the entrepreneurs on the basis of the sector in which they operated their business and in doing so attempted to avoid the sampling problem that de Bruin *et al.* (2006) highlight wherein women are considered as a single population and the sample selection doesn't consider contextual factors that may influence outcomes.

Regarding sector selection and the study of gender, it is particularly interesting to consider sectors in which women have traditionally operated in compared to those to which they have recently entered. As discussed, the previous research has highlighted the differences between female entrepreneurs operating in traditional and non-traditional female sectors (Greene *et al.*, 1999; Anna *et al.*, 2000; Bates, 2002). To build on the research in this area, two contrasting sectors were selected for inclusion in the research. The industry sectors selected were one sector in which women business owners have traditionally operated in and one sector in which women business owners have not traditionally operated in. This method allowed any possible intra-gender differences to emerge and explore further Ahl's (2006) idea that certain types of business are suited to the identity of being a woman whilst others are not.

#### 5.4.1 Traditional Female Sector

As discussed in Chapter 3, previous research indicates that female entrepreneurs are the most prevalent in the service sector (Hisrich and Brush, 1984; Maniukiewicz, 1997; Greene *et al.*, 1999, Bates, 2002). Additionally Scottish Enterprise (2005), Carter *et al.* (2004) and Loscocco *et al.* (2009) define the business services sector as a traditionally female sector. In fact, Arenius and Autio (2006) characterised the business services sector as an environment where women business owners are more likely to be found. Therefore the business services sector has been identified as a traditional female sector.

Although the business services sector has been selected as a sector for analysis in previous research studies such as, Rosa and Hamilton (1994) and Chell and Baines (1998), agreement on the type of businesses that qualify for inclusion in this category has not been reached. Whilst Chell and Baines (1998) included knowledge intensive professional services, office services and craft services, they excluded professions with institutionally enforced barriers to entry such as accountants and solicitors. In contrast, Rosa and Hamilton (1994) included professions such as accountants and solicitors in the business services category in their analysis.

The business services sector is also an important sector in the Scottish economy, indeed one of the aims of the Business Birth Rate Strategy, was to increase the number of start-up companies in key sectors such as the business services sector (Scottish Enterprise, 2000). Nonetheless, 'Business Services' is not a designated category in government statistics. However, the 'Other Business Activities' sector, which includes a diverse range of services such as recruitment, business consultancies, security, advertising and accountancy, has grown faster than the Scottish economy as a whole, with an average GDP growth of 2.9 per cent per year between 1999 and 2005 compared to 1.9% overall (Scottish Executive, 2006b). This sector also employed over 224,000 workers in 2004, only slightly less than the manufacturing sector (Scottish Executive, 2006b). Therefore it is clear that this sector plays an important role in the economy.

Therefore due to its importance in the Scottish economy and the traditional prevalence of female entrepreneurs in the sector, the business services sector was selected for inclusion in the research. Moreover, an inclusive definition of the sector was adopted to reflect the wide range of business service companies operating in the Scottish economy. Thus for the purposes of this research the business service sector was defined broadly and included companies such as recruitment, marketing, public relations, accountancy, IT support, business strategy and web consultancy.

#### 5.4.2 Non-Traditional Female Sector

As noted in Chapter 3, Section 6.3, non-traditional female sectors include the Science, Engineering and Technology (SET) sectors where female entrepreneurs have not traditionally been prevalent and where they remain under-represented (Prowess, 2007). Indeed, this is the situation in Scotland where few new technology businesses are led by women and of the 5,855 technology based businesses in Scotland in 2003 only 8% were

run by women (Scottish Enterprise, 2005). In spite of the fact that Scotland has a vibrant university technology sector producing spin-out companies, women remain less likely to lead these companies than men (Scottish Enterprise, 2005). As a result, the dearth of female entrepreneurs operating in the technology sector in Scotland, presented a severe methodological problem for the researcher. This problem was twofold, whereby there were few potential respondents and this low number of respondents was compounded by their possible reluctance to participate in research on the entrepreneurial process which includes questions on sensitive topics such as finance. This rendered the study a particularly difficult research proposition.

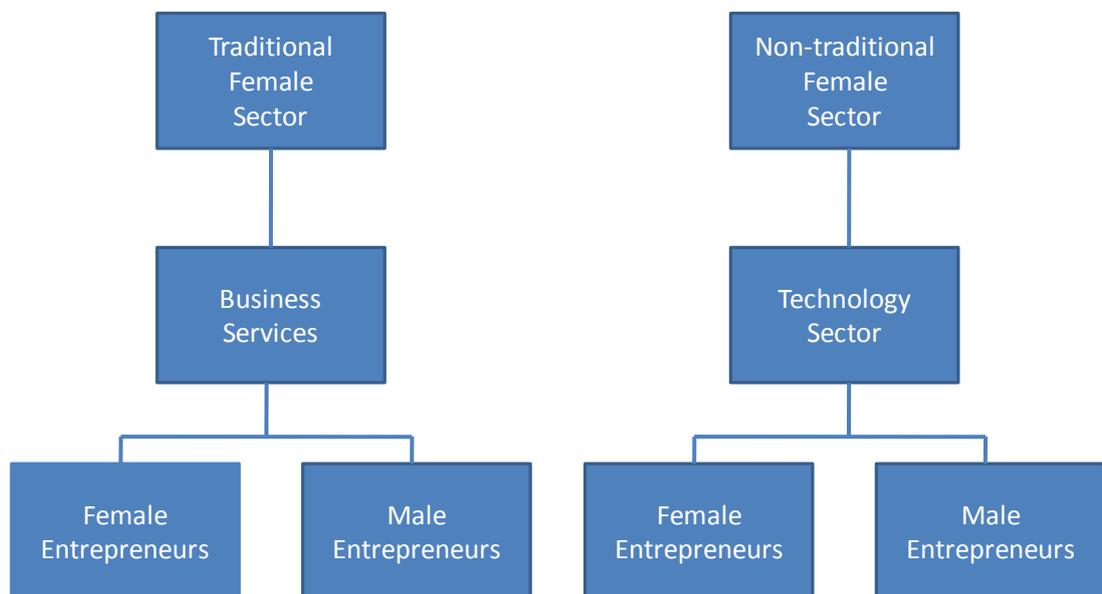
Nevertheless, additional research is required in this area, as there remains very little research on women owned businesses in the Science, Engineering and Technology industries (Prowess, 2007) with little reliable data on women owned SET businesses in the UK (Deakins *et al.*, 2002). Accordingly there have been calls for more research to consider women in non-traditional sectors (Read, 1998).

There is also an issue in defining the technology sector (Jones-Evans and Westhead, 1996). For example, Butchart (1987) followed the standard industrial classifications from the Central Statistics Office however, this has been criticised because it focuses more on products than processes resulting in the exclusion of important areas such as biotechnology (Jones-Evans and Westhead, 1996). Galbraith *et al.* (2008) also adhered to a narrow definition of a high technology company in their research, which excluded biotechnology and consequently is very restrictive. Therefore difficulties remain in defining the technology sector. The importance of the biotechnology sector in the Scottish economy is exemplified in the 2008 employment figures wherein the life sciences industry employed over thirty thousand people (Scottish Government, 2009b). Hence in the Scottish context it is important not to overlook the important role of all subsections of the technology sector and their role in the economy.

To encompass all subsections of the technology sector and to allow innovative companies to be considered, a broad definition of the technology sector was employed. Accordingly biotechnology, software development, drug development, clinical research, computer games development, audio technology development and energy technology development were all included in the definition of the technology sector in this research.

The methodological problem associated with low numbers of female entrepreneurs in non-traditional sectors was reinforced when the researcher had to abandon the inclusion of another sector in the research. Initially, the researcher had intended to consider the energy industry as a stand alone sector, in recognition of its importance in the Scottish economy where it contributed to directly and indirectly, 110,000 jobs and £7.4 billion of output in 2004 (Scottish Enterprise, 2006). However, the energy industry has been reported to be extremely gendered for instance, Miller's (2004) research into the Canadian oil industry concluded that the sector was '*gendered to an intense degree because of the multiple points where masculinity is represented*' (p69). Unfortunately, this also appears to be the case in the Scottish context because the researcher was unable to identify any female entrepreneurs in the energy sector to request their participation in the study. This meant that the inclusion of the energy sector as an individual sector had to be discarded, as no female entrepreneurs could be identified to participate. Whilst there may be more women now working in the sector, it appears that this has not yet translated into women founding businesses in the sector. To summarise, the sectors chosen for inclusion in the research are illustrated in Figure 5.1 below:

Figure 5.1 The Sectors Included in the Research



## **5.5 The Size of Enterprise**

A further parameter to the research was the size of the business that the entrepreneur operates. The Companies Act (1985) define small and medium enterprises (SMEs) as those with less than 250 employees and whilst the figures on turnover and total assets are updated to allow for inflation, at the time of the research, turnover could not exceed £22.8million and total assets could not exceed £11.4 million and companies must meet two of these three criteria (UK Government, 2008). It was considered unlikely that the respondents would be willing to reveal their total assets and some may be reluctant to reveal their turnover and thus inclusion in the research was based upon the entrepreneurs fulfilling the criteria of an SME regarding the number of employees.

The aim of the research was to explore the entrepreneurial process. Thus utilising sectors in which the entrepreneurs could be grouped and ensuring that they were all SMEs helped to understand the process more clearly. In effect, the researcher was attempting to produce broadly matched groups whereby the members of each group shared some broad characteristics. Here the groups were broadly matched by their sector, size and gender. By adopting this approach the role of gender in the entrepreneurial process could be explored more closely.

Nevertheless, whilst the entrepreneurs were matched into broad groups, the decision was made not to utilise the matching pair methodology as employed by Marlow (1997) and Read (1998). This process aimed to match the firms on all but one key characteristic so that any differences found could be attributed to the business owner's gender (Marlow, 1997; Read, 1998). However, in practice a range of technical problems exists and the matching process is not without its limitations (Michael and Pearce, 2009). As Gibb (1992) asserts, it is necessary for the researcher to describe *'how exactly the groups have been matched, why certain factors are chosen for matching, what is their significance within a 'model' and more importantly what is the significance of not matching the firms in respect of a variety of other factors that might have been used but not incorporated into the matching process'* (p140).

Moreover, Michael and Pearce (2009) question how it is possible that two entrepreneurs can be matched on all possible dimensions. They highlight that even if it is possible to match the entrepreneurs on a range of variables such as age, size and sector, unobservable differences may be present, such as the entrepreneur's motivation and it is these

unobservable differences that may explain the differences found (*ibid*). The crux of the problem is that it is difficult to control for all the variables in a complex and little understood phenomenon such as entrepreneurship (Bygrave and Hofer, 1991). Therefore the decision was taken not to attempt to match the entrepreneurs into pairs but rather to group them into broad categories to consider if there were any prominent differences.

## **5.6 Business Ownership**

The highly complex question of ownership is fundamental in any study on gender and small business (Rosa and Hamilton, 1994) and answering this requires consideration of the precise definition of the term 'female entrepreneur'. As discussed previously, in this study the entrepreneur is defined as someone who started a business. However, this does not consider the intricacies of the reality of business ownership and this highlights the complexities of conducting research into female entrepreneurship. It has been noted that there have been difficulties in defining women owned businesses and a major problem is the shifting definition of women owned businesses (Mattis, 2004). In fact, the terms female entrepreneur, woman owned business and female controlled business are used inter-changeably in the literature and often without a precise definition. For example, Rosa and Hamilton (1994) criticised the research conducted by Kalleberg and Leicht (1991), Fischer (1992) and Brush (1998) for failing to state how they defined women owned businesses.

Previous research has adopted varying definitions. For instance, Mattis (2004), McClelland *et al.* (2005) and Hill *et al.* (2006) all defined women owned business as those in which women own at least 51% of the business. Whereas Haynes and Haynes (1999) defined women owned businesses as one in which women own more than 50%; and Moore and Buttner (1997) and Moulton and Anderson (2005) defined a female entrepreneur as a woman who owns at least 50% of a business. Whilst Lee-Grosselin and Grise (1990) defined a woman owner manager as owning at least a 1% share of the company and having responsibility for one major management function of the company.

In dealing with the issue of co-ownership Bates (2002) classified women owned firms on the basis of their gender as reported in the Census Bureau data and in the cases of 50/50 male/female co-ownership of a business, ownership was assigned to the owner who self reported working the most hours. In contrast, Watson (2006) attributed co-owned firms to either male or female ownership provided there was only one major decision maker.

Fabowale *et al.* (1995) took their analysis further selecting three alternative definitions of the gender of the owner and analysing the data on the basis of each one, firstly analysing firms on the basis of the gender of their primary owner, then on the basis of the majority of owners of the same gender and lastly on the basis of firms whose owners were all of the same gender. As an alternative approach, Johnsen and McMahon (2005) defined a female-controlled SME as one with at least one female owner-manager and no male owner-managers and so excluded all SMEs with mixed-gender ownership. Therefore no conclusion has yet been reached on how best to measure ownership to define the female entrepreneur.

The problem of defining the female entrepreneur is exacerbated by the issues posed by the existence of entrepreneurial teams. In the past entrepreneurial teams have been relatively neglected in the entrepreneurship research (Ucbasaran *et al.*, 2001). Davidson and Wiklund (2001) analysed the contents of a leading entrepreneurship journal for the ten years from 1988 to 1998 and found no articles on entrepreneurial teams. As a result, the conceptual framework that underpins most entrepreneurial research tends to view the entrepreneur as a single enterprising individual (Harper, 2008).

However, emerging research highlights the role of the team in the entrepreneurial process (Harper, 2008) and this supports the concept that entrepreneurs are not a homogenous entity and as such they may display differing patterns of behaviour (Ucbasaran *et al.*, 2001). Entrepreneurial teams are particularly prevalent in the technology sector where Rosa and Dawson (2006) found that academic spin-out companies frequently have complex ownership structures. Thus research into the technology sector necessitates the consideration of the role of entrepreneurial teams.

Prior research has also found that entrepreneurial teams are prevalent in Scotland and a wide scale survey found that 61% of the 600 businesses sampled were co-owned providing evidence that the individual owner manager is less common than the literature implies (Rosa and Hamilton, 1994). Similarly, the Federation of Small Businesses' survey undertaken with their members across Scotland, reported that 44% of the businesses in Scotland were co-owned (Mason *et al.*, 2006). Therefore the issue of entrepreneurial teams is pertinent to examining entrepreneurship in Scotland.

Furthermore, earlier research has also been criticised for not clarifying if it is comparing women owned businesses solely to male businesses or to mixed gender teams and if they

have controlled for the impact of co-ownership and for failing to consider the issue of co-ownership (Rosa and Hamilton, 1994). In practice, much research has focused only on comparing male and female owned businesses. The flaw in this approach is that it overlooks the intricacies of the situation and as Chell and Baines (1998) state '*Simply excluding mixed gender co-ownership can facilitate the direct comparisons between aspects of male and female experiences, attitudes and behaviours but this is achieved at the very high cost of masking the real-life complexity of gender and small business ownership*' (p119). Moreover, by excluding mixed gender teams the many women operating in this sphere are rendered invisible and little is known about how men and women interact as co-owners (Rosa and Hamilton, 1994). Thus co-ownership renders it difficult to divide businesses into neat divisions of "female owned" or "male owned" (Rosa *et al.*, 1996).

The arguments against including mixed-gender entrepreneurial teams include Godwin *et al.*'s (2006) idea that by partnering with a man in male dominated sectors, the female entrepreneur will benefit from enhanced legitimacy, access to a larger number of resources and access to a more diverse social network. Therefore these entrepreneurs may have an advantage over the solo entrepreneurs. However, Rosa and Hamilton (1994) argue that the concept of a 'lone' female entrepreneur is perhaps too limited and the focus on this may disguise the complexity of business ownership and avoids the issues raised by co-ownership. Moreover, even those business which are solely owned tend to have partners or relatives contributing to the business in some way (Rosa and Hamilton, 1994) or they may be able to access the resources that they require, such as human capital, from their employees (Ucbasaran *et al.*, 2003). Indeed, in practice, the division between the solo and entrepreneurial team may not be so clear.

The existence of mixed gender teams is also of interest as Aldrich *et al.* (2002) found that in teams that are not spouse or partner relations, the teams show a preference for being of the same gender, with two person teams exhibiting the highest levels of the same gender, with 80% comprised of partners of the same gender. This renders mixed gender teams of specific interest due to their comparative rareness. Aldrich *et al.* (2002) also noted that it may be more difficult for female entrepreneurs to form teams as there are fewer other female entrepreneurs for them to form teams with. Thus due to the intriguing existence of teams in entrepreneurship it would be remiss to exclude them from the research. Furthermore, the power of qualitative research is that it is able to explore the richness of

the phenomenon and consider these real life issues, helping to shed further light on the situation.

### 5.6.1 Family Owned Businesses

The issue of delineating business ownership and the existence of entrepreneurial teams necessitates the exploration of the role of family owned businesses. A wide scale survey of small business owners in Scotland illustrated the prevalence of family firms within business co-ownership with spouses co-owning 37% of the firms surveyed (Mason *et al.*, 2006). However, the role of women in family owned firms has been researched and may be more opaque than in non-spouse entrepreneurial teams.

For example, Marshack (1994) reported that the wives were invisible in the businesses studied and that the husband was the leader and decision maker at work and at home whilst the wives' role was that of support. Further research found that spouse owned businesses were found to follow characteristically traditional gender patterns, with the women typically working in a support capacity for the business rather than in the business management (Chell and Baines, 1998). Nonetheless, it may be the case that the wives were marginalised and categorised as the support mechanism in the family businesses, when in fact their roles were more significant than that but their contributions were undervalued (Mulholland, 1996). Therefore although the wives may not take on the owner-manager role, they may have powerful leadership roles in the business (Hamilton, 2006). In these cases, women's contributions to the family business are in effect, masked by co-ownership (Shaw *et al.*, 2001). These findings illustrate the difficulty in gaining a clear insight into the role of women in a spouse owned businesses. As such, family owned firms present a more complicated research proposition with Steier *et al.* (2004) reporting that family firms may be more complex than other firms and Chrisman *et al.* (2005) emphasising their idiosyncratic nature.

Hence the role of women in spouse owned business is complicated and it may be difficult to clearly delineate the role of the woman in the business. This makes it extremely difficult to compare the experiences of women in spouse owned businesses to those of other female entrepreneurs. Therefore the precedent of Watkins and Watkins (1984) and Moulton and Anderson (2005) will be followed and husband and wife owned businesses will be excluded from the research.

However, in light of the lack of research into mixed gender entrepreneurial teams (Rosa and Hamilton, 1994) and their comparative rareness in the sphere of entrepreneurial teams (Aldrich *et al.*, 2002) non-spouse male and female entrepreneurial teams will be included in the research. Again this follows the precedent set in Moulton and Anderson's (2005) research. Excluding husband and wife teams whilst including mixed gender teams may appear arbitrary but research has found that non-spouse teams are more likely to consist of people who have skills and experience of their chosen sector (Chell and Baines, 1998). As such, these people have chosen to go into business together and it is more likely that the female entrepreneurs will have a leadership role in the business. Moreover, the qualitative nature of the research will enable a clear insight into the female entrepreneurs' role in these partnerships to be provided, helping to add to the lack of research that considers this real life complexity.

Thus for the purposes of this research the female entrepreneur will be defined as a woman who launched a business. This is because the start-up period is crucial to the research as it is imperative that the entrepreneur founded the business so that they can describe their experiences of their entrepreneurial process. Hence, only entrepreneurs who established the business rather than those who bought it or inherited are included in the research. This follows the precedent set by Carter and Allen (1997) in their study on the determinants of growth in women owned business.

Whilst the female entrepreneur may have started alone or in an entrepreneurial team, if this team is with a male entrepreneur then it is a pre-requisite that the female owned at least 50% of the business at the start-up stage and women in spouse owned businesses will not be included. The female entrepreneur must also have an ongoing involvement in the business to ensure that she has experience of the entrepreneurial process. Thus to be included in the research the entrepreneur must be a driving force in the business, illustrating the ethos of '*without whom the business would not exist*' (Bruyat and Julien, 2000).

To summarise, to be included in the research the female entrepreneurs must:

- Have founded a business in Scotland;
- If operating in an entrepreneurial team, be in a non-spouse team and own at least 50% of the business at the start-up stage;

- The business must operate in either the technology or business services sector;
- Fulfil the criteria of operating in a small or medium enterprise;
- Have an ongoing involvement in the business.

Attention will now turn to the selection of the entrepreneurs to participate in the research.

### **5.7 Sample Selection**

*‘Very often, the lack of transparency that is sometimes a feature of qualitative research is particularly apparent in relation to sampling’ (Bryman, 2004, p333).*

The sample selection concerns who will participate in the research process. It is accepted that the sample selection can introduce significant bias into the research outcome and as such the sample selection method will be justified. Indeed, there are three different types of entrepreneurs, these are nascent, current and failed entrepreneurs. However, the majority of nascent entrepreneurs do not proceed to become entrepreneurs and failed entrepreneurs may be highly sensitive about the subject and unwilling to participate in research, subsequently this research focused solely on current entrepreneurs. It is accepted that the exclusion of nascent and failed entrepreneurs introduces a selection bias (Davidsson and Honig, 2003) and a survivorship bias into the research.

The issue of survivorship bias is an interesting point and Cassar (2004) offers an outline of what this entails. *‘Survivorship bias is the bias caused by sample firms not being representative of the population of firms at the time of start-up. The surviving firms may have different characteristics including financing to the firms that have since “died,” that may have influenced firm survival and failure between the period of start up and the point of survey’ (Cassar, 2004, p265).* As such, not all the possible entrepreneurial experiences are considered in the research.

However, due to practical constraints such as the difficulty in identifying nascent and failed entrepreneurs and the aim to hold some variables constant the decision was taken to focus exclusively on current entrepreneurs. Furthermore, it can be argued that because these firms have survived the high small firm start-up mortality rate, this indicates that they selected a successful operational strategy and this should be researched in order to

learn more about how businesses survive so that other entrepreneurs can consider adopting these best practices.

Identifying current entrepreneurs willing to participate in the research was also a difficult task. Unfortunately there was no single public register of businesses in the UK (Curran and Blackburn, 2001) or a single comprehensive source of data on women's enterprise in Scotland (Scottish Enterprise, 2005) which could be utilised as a sampling frame. Therefore the selection of the appropriate sampling frame was deliberated. A number of different choices were considered. For example, the Scottish Yellow Pages directory offered a very comprehensive listing of numerous businesses in different industry sectors and it was also geographically representative. Nonetheless not all businesses were listed and there is a particular deficit of businesses operating in the technology sector and therefore more relevant sampling frames had to be identified.

An alternative sampling frame was Scottish Enterprise's Business Gateway service. At the time of the research Business Gateway had 41 offices across Scotland and was therefore representative geographically. It also organised networking events such as 'Women into the Network' that may assist in the identification of female entrepreneurs. However, Business Gateway did not have contact with all the businesses in their area and it did not engage with all entrepreneurs. For example, Fielden *et al.* (2006) found that due to their strict eligibility criteria retail businesses were excluded from applying for government grants. As a result, Business Gateway's lack of contact and possible alienation of some entrepreneurs was problematic and consequently Business Gateway alone could not provide an adequate sampling frame.

The Scottish Chambers of Commerce were also considered as a possible sampling frame. Again it was geographically representative with thirty-four Chambers across Scotland. Despite this there were 270,245 private sector enterprises in Scotland (Scottish Enterprise, 2006) and only 9,000 of those are members of the Scottish Chambers of Commerce. Again this organisation did not represent all of Scotland's entrepreneurs and could not act as a stand alone sampling frame.

Evidently it would appear that no one organisation represented all the entrepreneurs in Scotland. Furthermore, the research aimed to consider female entrepreneurs in the technology sector and as discussed earlier, the lack of female entrepreneurs in this sector renders finding an adequate sample more difficult. Additionally, the focus on the

entrepreneurial process and the inclusion of inherently sensitive topics such as the financing of the business may render entrepreneurs reluctant to discuss their experiences. Indeed, Cassar (2004) emphasised the difficulty in accessing entrepreneurs who are willing to disclose their financial information. These problems emphasise the school of thought raised by Shane and Venkataraman (2000) that *'Many scholars ask, either implicitly or explicitly, why anyone should study entrepreneurship. Data are difficult to obtain, theory is underdeveloped'* (p219).

Furthermore, the research methodology required that the entrepreneurs agree to a face to face interview which is a time consuming request. This was problematic as entrepreneurs are notoriously time poor (Loscocco *et al.*, 1991; Walker and Webster, 2007). In fact, Curran and Blackburn's (2001) quote was particularly pertinent for the researcher who found support for their assertion that *'Undoubtedly, one of the most difficult problems in small business research is accessing small businesses'* (p59).

Therefore in order to learn about the entrepreneurs' experiences, the selection of the participants was done by purposeful sampling. Patton (1990) describes the rationale underpinning purposeful sampling, arguing that by selecting information rich cases for study, a great deal can be learnt about the important issues. Hence purposeful sampling was utilised to select entrepreneurs who could contribute to the research and offer insight into the entrepreneurial process in Scotland.

Quota sampling was also invoked, to ensure that there were sufficient numbers of male and female entrepreneurs included in the sample to allow the comparison of the two groups and to also allow the comparison of the two industry sectors. Ensuring that the quota for female entrepreneurs in the technology sector was reached was particularly difficult due to the limited number of female entrepreneurs in this sector.

In the attempt to secure a suitable sample to participate in the research, the researcher utilised a wide range of organisations and methods to identify and contact suitable entrepreneurs. The strategy adopted was one of persistence and continued monitoring of the business press. In practice, some of the organisations and strategies proved more beneficial for identifying participants than others. For example, the researcher made extensive and prolonged use of desk based research which included numerous internet and newspaper searches. The business sections of local and national Scottish newspapers were

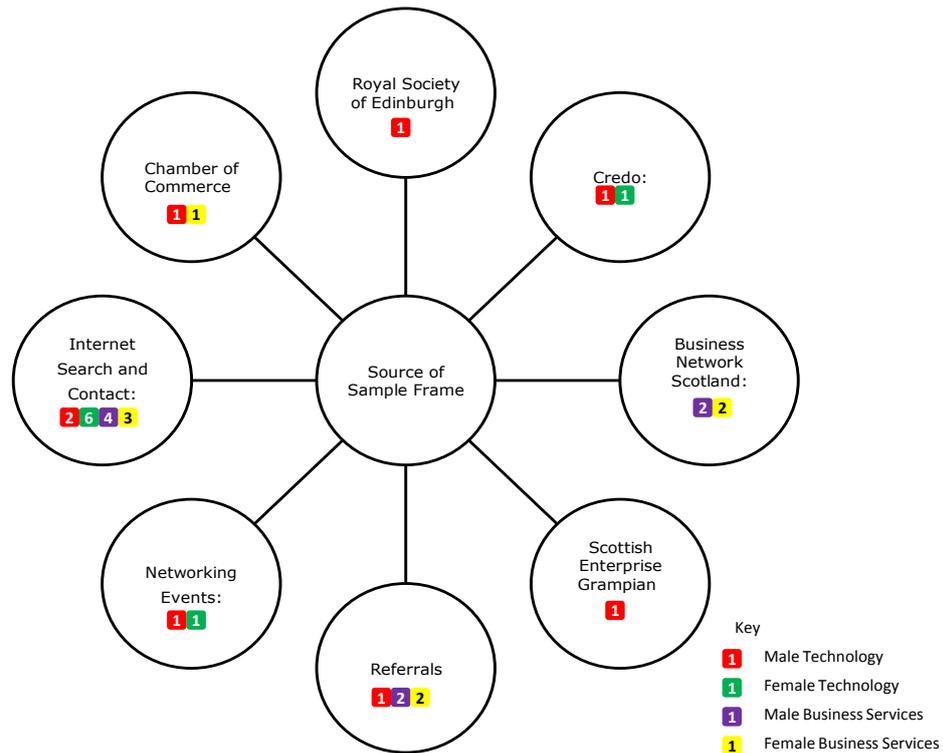
scoured to identify suitable entrepreneurs who matched the criteria and when identified, letters were sent requesting their participation.

Continued internet searches were undertaken and sources such as all the Scottish Science Parks and the businesses in listed in them were examined to identify female entrepreneurs, as were the websites of universities across Scotland to find details of university spin-outs led by women. Scottish Enterprise Awards, Talent Scotland Companies, Chamber of Commerce members lists, the Entrepreneurial Exchange members list, Connect on the Net members list, SMART Awards and general business awards were examined to identify participants. When a possible participant was identified the researcher wrote to the respondent to request their participation and followed up with telephone calls. However, securing participants remained a major challenge in the research.

Networking was also undertaken by the researcher to help publicise the research. Events attended included Aberdeen Entrepreneurs, Connect on the Net and the Grampian Life Sciences Forum. Networking organisations were also requested to contact their members to ask for participants. Both Business Network Scotland and the Royal Society of Edinburgh Enterprise Fellowship Scheme contacted their members to request their participation. However, there was a low response rate, for example of the eight of Enterprise Fellows contacted on the researcher's behalf, only one agreed to participate in the research. Credo, the commercialisation department of the Robert Gordon University, also sent out a request for participants in the research on the researcher's behalf and the Aberdeen and Grampian Chamber of Commerce featured an article about the research in their newsletter.

In a limited number of cases participants were secured by snowball sampling. Snowball sampling occurs when the researcher contacts one group of people who then help the researcher to establish contact with other people (Bryman, 2004). In this instance, snowball sampling was utilised to a limited extent when one participant would refer another. In addition the four entrepreneurs who participated in the pilot study were also identified by a range of means; two volunteered due to the Business Network Scotland email request sent on the researcher's behalf and the researcher met two of the participants at networking events. The source of the thirty-two participants in the final sample is illustrated in Figure 5.2 overleaf:

Figure 5.2 The Source of the Final Sample



The four pilot interviews were conducted between February and May 2007 and the thirty-two main interviews were subsequently undertaken between May 2007 and May 2008. In the main research, sixteen entrepreneurs from the business services sector and sixteen entrepreneurs from the technology sector were interviewed thus within each sector eight male entrepreneurs and eight female entrepreneurs were interviewed.

Two additional interviews were also undertaken, but unfortunately upon interview it was found that these entrepreneurs did not fit the criteria, one being part of a spouse owned business and one being in a different sector, thus these interviews were not included in the final sample.

The intensive campaign to encourage entrepreneurs to participate in the research continued for over one year until thirty-two interviews had been secured. Given that the research was qualitative in nature and exploratory in purpose and the face to face interview process yielded a significant amount of data for the researcher to analyse, thirty-two interviews produced ample data for the study. Support for the number of interviews conducted is offered by Ghauri and Gronhaug (2002) who state that *'low numbers are also justified because we often want to do in-depth studies or provide 'thick description' which is not*

*possible in cases of numerous observations*' (p88). In fact, it is the quality and richness of the material which is more important than the number of respondents (Stevenson, 1990). This is because the key aim of a phenomenological study is '*to describe the meanings of a small number of individuals who have experienced the phenomenon*' (Creswell, 1998, p122).

Furthermore, in a similar study of female entrepreneurs leading academic spin out companies, Rosa and Dawson (2006) stated that it is unlikely that large numbers could ever be reached in this type of study and called for further exploratory studies in this area. Thus the comparative rareness of female entrepreneurs in the technology sector in Scotland also denotes smaller sample sizes.

### **5.8 The Data Collection Method**

Gartner *et al.* (1992) are critical of current methodologies employed in entrepreneurship research arguing that they do not explore the reality of the process and more credence should be given to what the entrepreneur says occurred to help us understand how they behaved. There are a number of different qualitative data gathering techniques including case studies, observation, interviews and focus groups. Of these, one to one interviews are perhaps the most common qualitative research method (Barbour, 2008). The advantage of the in-depth interview is that the researcher can gain a better understanding of the respondent's position (Ghauri and Gronhaug, 2002) and it allows the respondent to tell their story as they wish and identify the issues that are of importance to them (Bouma and Ling, 2004). As the aim of adopting qualitative methods is to fully explore the entrepreneurs' experiences and perceptions, this is a crucial component of the chosen method.

Interviews can be conducted over the telephone or face to face and although conducting the interviews face to face is more time consuming and may be more difficult to arrange as the entrepreneurs are extremely busy, there are benefits to adopting this method. Face to face interviews allow the researcher to probe for further information, clarify responses and observe the respondent's nonverbal behaviour (Frankfort-Nachmias and Nachmias, 1996). Furthermore during the course of a face to face interview the researcher may be able to build a good rapport with the respondent and this may increase the likelihood of the respondent answering sensitive questions (Reynolds, 2000). This is especially important as the research deals with the entrepreneurial process and this includes potentially sensitive

areas such as access to finance. Therefore taking steps to increase the likelihood that the entrepreneurs will answer these questions was important to the research.

One further point raised by Haynes and Haynes (1999), is the problem of female figureheads in gender research. Here the business is actually owned and managed by a man, but a woman is used as a figurehead to avail of gender specific provisions and this causes an over estimation of the number of women owned businesses (*ibid*). Indeed, the reverse may also occur where the woman is the owner but a man is used as a figurehead to help avoid any perceived gender issues. Through conducting face to face interviews, this potential problem could be overcome as it would be difficult during an in-depth interview for a respondent to conceal if they were not the genuine entrepreneur.

Nevertheless, there are disadvantages to the face to face interview. The interview process is fraught with the possibility of the introduction of researcher bias. This bias can be introduced through the interaction of the researcher and the respondent (Frankfort-Nachmias and Nachmias, 1996). For example, researchers may bias the response by asking questions in specific ways (Smith *et al.*, 1989). Thus the '*researcher-participant (subject) relationship is the most sensitive one in the process of research in business studies*' (Ghauri and Gronhaug, 2002, p19). Moreover, the lack of anonymity in the face to face interview may also increase the likelihood of social desirability bias whereby the respondent answers in such a way as to increase their social standing (Frankfort-Nachmias and Nachmias, 1996). As such the researcher-respondent interaction must be handled with due care and consideration.

Notably, Kane and Macaulay (1993) in their research on the effect of the gender of the interviewer on respondents also found that both male and female respondents, at times were affected by the gender of the interviewer. Therefore the researcher must be aware of the possibility of the introduction of bias through the interview process and consider the impact of this during the data analysis process.

Face to face interviews also mean that respondents cannot consider their answers at length over a number of days, or check and verify their answers (Frankfort-Nachmias and Nachmias, 1996). However, the opportunity to probe further into interesting topics and build a rapport with the respondent outweighed this disadvantage and led to the selection of the face to face interview method.

Within the face to face interview there are three different interview formats, these are structured, open and semi-structured. Gibb (1992) argues that even structured questionnaires can allow the introduction of bias as the researcher selects the topics for consideration. Stevenson (1986) expanded on this problem, stating that in female entrepreneurship research, the structured questionnaire imposes a male-centred notion of business upon the female entrepreneur and this prevents the discovery of the female entrepreneur's experience. Additionally a structured questionnaire that utilises closed ended questions may force respondents to select responses that do not wholly reflect their opinions (Edwards *et al.*, 1997).

At the opposite end of the spectrum is the unstructured interview format. In this case the researcher would only ask the opening question and would then allow the respondent to continue from there (Cope, 2005). However, this method does not permit the systematic collection of a certain amount of background information that can be used to compare and contrast the respondents. Cope (2005) also highlights that this approach leaves the researcher rather exposed as they are entering the interview 'empty-handed'.

The third type is the semi-structured interview format. Ghauri and Gronhaug (2002) define a semi-structured interview as one in which the topics to be covered and the questions to be asked have been determined prior to the interview. This is helpful if the researcher is keen to cover a wide range of topics and certain questions must be included to allow the comparison of the data. However, semi-structured interviews also allow the questions to be asked in varying order to accommodate the topics that are of most importance to the respondent (Barbour, 2008). This provides flexibility and allows the researcher to follow up on leads and correct inconsistencies (Bryman, 2004). Therefore the semi-structured interview enables the researcher to gather a wealth of information (Creswell, 2002). Thus the inherent strength of the semi-structured interview is the flexibility that it confers.

Furthermore, the inclusion of open questions in the semi structured interview allows the respondents to raise any issues that they feel are relevant to them (Barbour, 2008). Therefore the semi-structured interview format can help generate data that is more representative of the entrepreneur's experience and this can increase the validity of the findings. Whilst all three types of interview have their advantages and disadvantages, the semi-structured interview approach was selected to minimise the researcher bias inherent in the structured interview and to ensure that certain key areas were discussed which may

have been omitted in the unstructured interview, thus the decision was made to conduct a semi-structured interview.

### 5.8.1 Design of the Interview Questions

Following the recommendation of Neider (1987) the questions in the interview were devised after a review of the current literature had been undertaken. From the current literature specific questions were also included to help explore the theoretical underpinnings of the research. Care was also taken to ensure that leading questions were not included. The full interview guide is attached in Appendix A, along with the justification for the inclusion of questions in Appendix B. Nonetheless, the interview guide was not followed strictly in the order in which the questions are listed to allow flexibility in the conversational flow (Lillis, 1999).

The flexibility of the qualitative approach also facilitates the process whereby the researcher can learn from the earlier interviews and adjust the process to reflect the new knowledge gained (Richards, 2005). Therefore there is the possibility for continuous reflection on the research and the inclusion of new issues if required (Bouma and Ling, 2004). Thus as the interviews progressed a small number of new questions were added to explore pertinent issues that had been raised in earlier interviews.

The nature of the topic also deemed it necessary to ask some sensitive questions during the interview. In their study on Canadian small businesses, Fabowale *et al.* (1995) attempted to obtain objective financial information however, they found that few respondents offered this information and consequently it could not be included for analysis. Therefore the difficulty in gathering sensitive data has been considered in the construction of the interview guide. The recommendation of Hair *et al.* (2003) to place sensitive questions at the end of the interview was employed. Consequently the more sensitive questions, such as the entrepreneur's age and the turnover of their business, were placed at the end of the interview guide. The respondent was also offered multiple choice categories in which to place their response as this has been found to increase the likelihood of gaining a response (Edwards *et al.*, 1997, Curran and Blackburn, 2001). To ensure that respondents did not feel pressurised into answering questions they were uncomfortable with, the researcher also emphasised that the respondent was not obliged to answer any questions that they did not wish to answer.

## **5.9 Ethical Considerations**

Cooper and Schindler (2003) highlight the crucial role of integrity in research. Ethical considerations regarding how the research would be conducted were paramount. The Robert Gordon University Research Ethics Policy (2004) was adhered to at all times. The researcher ensured that best practices in research are followed and that ethical standards were upheld.

Before the data collection process was embarked upon all respondents were assured that their responses would be kept confidential and their anonymity would be guaranteed. The research introduction also offered the opportunity for the researcher and respondent to discuss the format of the interview. It also provided the opportunity for the researcher to request the participants' permission to record the interview. It was also emphasised to participants that they did not have to answer any questions which they did not wish to do so. Upon collection the data was stored securely and will be disposed of in a confidential manner after a designated period of time in accordance to the Data Protection Act (1998). Once the research is completed, participants will be sent an executive summary of the research findings as a token of thanks for their involvement.

## **5.10 The Pilot Study**

Ghauri and Gronhaug (2002) advocate that a draft of the interview questions should be pre-tested as a pilot study to allow the researcher to check the respondents' understanding of the questions and that this process should involve three to five respondents. These respondents should resemble as closely as possible the participants in the main project (Curran and Blackburn, 2001). As such the pilot study was undertaken with four participants. These represented two male and two female entrepreneurs from the services sector. Due to the limited number of female entrepreneurs in the technology sector, the researcher was concerned about finding enough female entrepreneurs to participate in the research. Therefore the decision was made to pilot the research with service sector entrepreneurs as they were more numerous, providing a larger pool from which to request participants. The pilot study included feedback questions at the end of the interview and respondents were encouraged to suggest any improvements or critique any areas of the research. One of the entrepreneurs in the pilot study had been a researcher before embarking on an entrepreneurial career and so it was helpful to pilot the study with this entrepreneur to gain feedback on the interview guide.

The pilot study was very useful and the respondents raised interesting points such as, suggesting that the researcher ask about the role of mentoring and advice. Overall however, the respondents were satisfied with the interview process. Three of the four participants also discussed the role of their gender unprompted and this assured the researcher that not mentioning the gender aspect was a feasible research design and that the entrepreneurs would raise the issues that were of importance to them.

Undertaking the pilot study also allowed the researcher to practice interviewing and improve upon her interviewing skills. For instance, the researcher learnt helpful techniques such as how to pace asking the questions, the length of pauses to take between questions and techniques such as making notes of the answers which then provided the respondents with time to consider and compose their answers. The researcher also became more perceptive of the role of non-verbal prompts and endeavoured to encourage respondents non-verbally by techniques such as leaning slightly forward to encourage respondents to expand upon their answers. Whilst the interview was semi-structured in nature to allow the respondents the flexibility to discuss what was important to them, the pilot study did help the researcher to establish the flow of the interview. For instance, the questions led on from previous topics and the researcher was keen that where possible, the questions would build upon the answers given to develop a conversational flow rather than the questions interrupting the entrepreneurs' narrative and leading to a more staccato interview. Overall the pilot study provided the researcher with a valuable opportunity to test the interview schedule and to develop and hone her interviewing techniques. The pilot study interviews were recorded and the researcher transcribed the interviews verbatim producing over 25,000 words of transcripts. This process also provided the researcher with the opportunity to review the interviews in more depth and in doing so, become familiar with the interview schedule and well prepared for the main fieldwork. The pilot study was also useful at the data analysis stage where the data from the four interviews was coded and analysed with early findings emerging from the small sample. These findings are discussed in Chapter 7, Section 2.

### **5.11 The Data Collection Process**

The researcher then began collecting the data for the main research study. The researcher travelled to a location convenient for the respondent to conduct the interview. In the majority of cases the interview was undertaken at the entrepreneur's business premises. However, in the instances where the entrepreneur worked from home or if they requested

to meet elsewhere, then the interview was conducted in a public place. In these cases, the researcher attempted to ensure that a quiet venue was selected for the interview to permit a clear recording of the discussion.

The participants were asked for their permission for the interview to be recorded on a digital Dictaphone. This was to allow the researcher to focus on the respondent's answers rather than the process of noting the answers (Bryman, 2004). All of the thirty-two respondents agreed. Furthermore, as some of the interview questions regard sensitive or confidential topics, the researcher asked the participants to inform the researcher if at any time they would like the digital recorder to be switched off. However, none of the participants requested the tape recorder to be switched off at any time. The researcher also made written notes of key points throughout the interview and this process was helpful both in allowing the entrepreneurs' time to compose their thoughts before answering and in providing the researcher with notes from each interview.

In practice, the respondents frequently elaborated at length on the areas that were of interest to them and the semi-structured interview format provided the researcher with the flexibility to explore these areas with the respondents gathering a wealth of information. The interview guide and the questions included also enabled the researcher to gather data that permitted comparisons between the respondents to be drawn. Whilst quick thinking was required to follow up on unexpected areas of discussion, overall the interview guide ensured the continual flow of the interview offering the next question and topic for discussion when the respondent had reached their conclusion. Upon completion, many respondents commented that it was a very thorough interview.

As the interview was semi-structured in nature and it offered the participants the opportunity to discuss any issues that were of importance to them, the duration of the interview varied depending upon the individual entrepreneur's responses. The interviews varied in length from thirty minutes to over two and a half hours. The average length of the interviews was one hour and thirteen minutes. Bryman (2004) argues that in qualitative research a large variation in the time that the interviews take is a common occurrence and that shorter interviews are not necessarily inferior to longer interviews. Moreover, Curran and Blackburn (2001) estimate that fifty minutes is the maximum length of time that small business owners will participate in a face to face interview before respondent resistance occurs. Consequently, respondent 'fatigue' is a concern in the interview process (Reynolds, 2000). In addition, each respondent is an individual and as

Bouma and Ling (2004) highlight some respondents may be people of few words or may find the questions sensitive and thus give shorter answers. Therefore in this research whilst some entrepreneurs were succinct in their answers, the majority were happy to discuss the issues at length with the researcher. Thus the semi-structured approach adopted ensured that the length of the interview was determined by the entrepreneur.

The researcher then transcribed the tape-recorded interviews verbatim and in total there were over 375,000 words in the transcripts. To ensure the quality of the transcription the researcher was careful in the transcription process, transcribing each interview fully and then replaying the interview and re-checking the transcript to ensure that the transcription was accurate. The digital recorder produced high quality recordings however, in the few instances wherein the researcher could not decipher the recording or cross reference from the field notes, the word was left blank though this was such a rare occurrence that it did not impact on the researcher's understanding of the transcript.

### **5.12 The Data Analysis Process**

The demographic data regarding the entrepreneurs and their businesses were collated and tabulated to provide an overview of the sample. The intrinsically more complex task of interpreting the copious amounts of data generated from the semi-structured interview process was then embarked upon. The aim of this analysis was to produce explanations for the findings and help identify any causes for the observed differences or similarities between the entrepreneurs. Before this could be engaged in, a data management system had to be enacted to deal with the data. The researcher began by utilising the computer software programme Nvivo8 to manage the data. Whilst in theory the computer programme was helpful, in practice the researcher found it rather cumbersome, adding another layer between the researcher and the data. As a result, the researcher devised a simple system that was more amenable to this study.

To provide a descriptive and preliminary analysis of the data the researcher utilised A2 sized paper, this size of paper is most commonly used by artists as it is an ideal size for drawing upon and is sold as a large Art Pad. These large Art Pads permitted the researcher to display all the data for each topic on a few very large pages. Therefore by working with these Art Pads it was very clear what the emerging trends were. For example, when considering the entrepreneurs' opinions on the access to finance for entrepreneurs in Scotland, pages were set up for positive opinions and for the negative opinions. Each

entrepreneur's opinion was then cut out and placed on the relevant page. This allowed the researcher to have a clear view of the responses and to see the pattern emerging. However, this was only the first step to help the researcher describe the data and to organise the data from the thirty-two interviews in a more manageable way.

Once all the data had been organised by answers to the different questions and further information had been grouped into the relevant topics, the researcher had numerous Art Pads displaying the data. These Art Pads were then photocopied twice. The photocopies were then divided into two sections. One section remained as was, to permit checking and allow the researcher to consult the different topic areas to confirm the trends. The second set of photocopied notes were then used for the in-depth coding. Here the researcher analysed the data again assigning codes to the data. For example, the responses that had been categorised as positive and negative regarding the entrepreneur's attitudes to the access to finance for entrepreneurs in Scotland were then explored in finer detail and codes assigned such as lack of government support or financial institution support and so forth. Thus the researcher revisited the data numerous times and through this detailed coding process the key themes emerged. The researcher also sought advice on undertaking coding, consulting a supervisor with extensive coding experience, to discuss the coding process.

Hence a detailed coding frame was developed and each code was assigned a number and colour with the sub themes also identified. During the coding process the researcher repeatedly went through the data to identify emerging patterns. The researcher tried to resist the temptation to 'over code' and tried to prevent the number of codes from spiralling in number. Thus the coding frame was continuously reviewed and revised to check that the codes were not multiples and similar codes were collapsed together. Developing the coding frame was an iterative process that required constant refinement. The researcher also made copious amounts of notes during the coding process of interesting patterns and emerging themes and this was part of the sense-making process, helping the researcher to understand what was occurring. Once completed and after a period of time, the researcher re-visited the data and the coding frame to review the codes assigned to consider them afresh and to reflect upon the validity of the coding, making minor revisions.

An example of the coding process is illustrated in Figure 5.3 below, which includes an extract of the interview with Ian, an entrepreneur in the Business Services sector, and the codes are detailed to the right hand side of the text.

Figure 5.3 Extract from an Interview, Illustrating the Coding Process

Researcher: Did you consider any different methods of obtaining capital?

*Respondent: Certainly considered them, yeah, overdraft facility for working capital I would I considered but rejected. I considered going into partnership and I was actually approached by people at the time who wanted me to go in with them and use their money to grow the business so outside equity was an option that I looked at in the early stages but I discounted that as well.*

3.11

Researcher: And was there a reason for that?

*Respondent: Yeah, the overdraft well it what in terms of the well in terms of the outside equity I just didn't fancy giving away shares in my business to someone else and I wanted to remain in control of it so it was purely selfish reasons in terms of not wishing to run an overdraft facility with the bank to be honest that stems back to the way I was brought up as a boy you know I was brought up in a working class household where you know we never bought anything my mother and father never bought anything on tick they didn't well if they wanted something they saved up for it and then paid the money so they were never in hock to the bank, they were never in hock to finance companies and that was very much an ethos that was kind of burned into my senses from a very early age. I've always been very responsible, he says touching wood, with money you know, I, I don't even like borrowing you know I recently borrowed money to put a new computer network in the business and I thought long and hard, I thought I could probably just pay for it out of cash reserves and then I thought don't be so stupid, use your cash reserves for something else and, and so I, I've financed the network but I'm still uneasy, I get very uneasy about borrowing money you know.'*

6.6

3.2

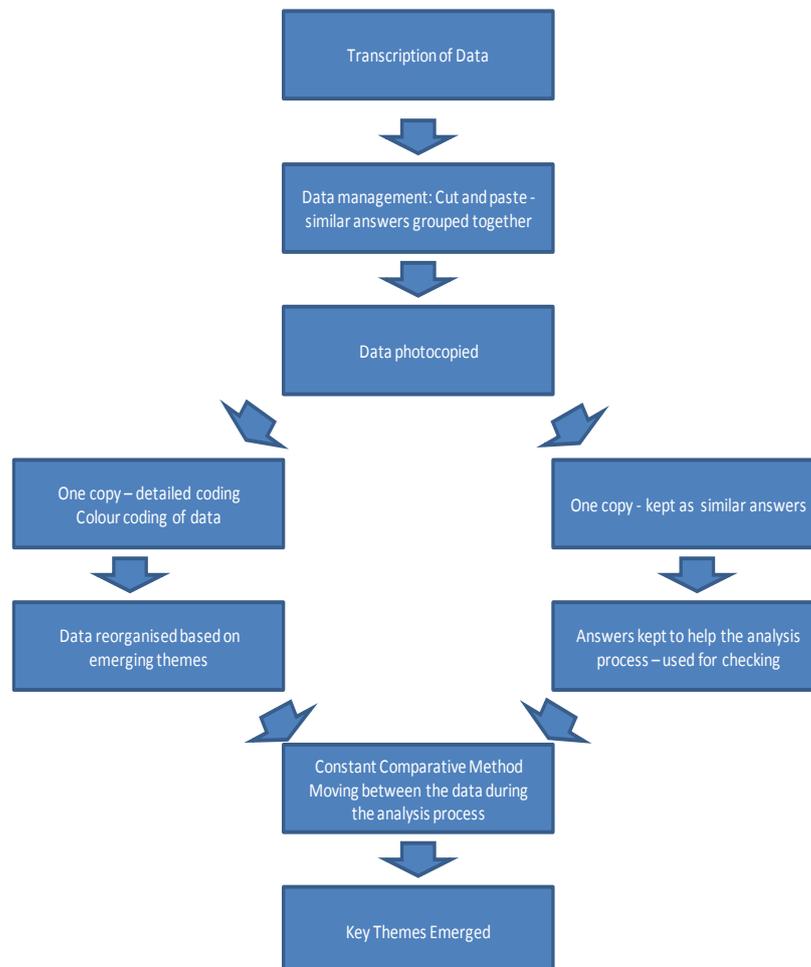
Ian, Business Services Entrepreneur

For example in this passage of text, the data lent itself to three different codes as the entrepreneur described an opposition to equity investment (Code 3.11), a desire to be in control (Code 6.6) and a cautious financial attitude (Code 3.2). The full Coding Frame developed by the manual thematic coding is included in Appendix C. Once the researcher had coded all the data the pages were then re-arranged into the key themes. For example, all the pages relating to lack of government support were grouped together as were all the data regarding barriers such age, or impediments due to sector of operation. Each page was numbered and each theme had a cover sheet detailing all the numbers of the pages in that theme, so that pages that had more than one theme could be noted and moved between themes.

Therefore at the end of the process the researcher had two complete sets of data, one grouped by the answers to the questions and any other information grouped by topic and

one set of data grouped by codes representing the emerging themes. The researcher could then move between these sets of data to clarify any points and to build up a holistic picture of the findings. The steps in the data management and iterative analysis process are illustrated in Figure 5.4 below:

Figure 5.4 Data Management and the Iterative Analysis Process



Source: Author

As illustrated in Figure 5.4, the data analysis process was inductive and the researcher built concepts up from the data (Creswell, 1994). The researcher also adopted a questioning approach repeatedly asking the question ‘*what is going on here?*’ Moreover, the researcher experimented with different categories to help understand the process and accurately describe what was occurring, adopting the iterative process of Constant Comparison (Glaser and Strauss, 1967). Indeed, by adopting the Constant Comparative Method key themes in the data could be identified and explored (Glaser and Strauss, 1967). Thus propositions derived from one part of the data were tested on other parts of the data and

there was repeated checking and comparing across the different interviews (Silverman, 1993; Ritchie and Lewis, 2003).

By its very nature, qualitative research is interpretative as the researcher interprets the data that they receive (Creswell, 2009). However, the researcher remained close to the data and focused on the meaning that the participants intended rather than the commonly held views (Creswell, 2009). During this process the researcher was also cognisant of the problem of 'post hoc fallacy' (Cooper and Schindler, 2003). This is where the researcher is attempting to identify relationships between the variables and draws inaccurate conclusions (*ibid*). To prevent this, the researcher remained vigilant and continued to constantly compare the data and questioned if this was the meaning that the respondent intended. This reflection upon the data and the interpretations attached to it, helped to prevent any unfounded conclusions from being construed.

Wolcott's (2001) valuable advice was also borne in mind '*When you are ready to address matters of analysis and interpretation, consider proposing multiple plausible interpretations rather than pressing single-mindedly for a particularly inviting one. We need to guard against the temptation to offer satisfying, simple, single-cause explanations that appear to solve too facilely the problems we pose. Our interpretations should mirror that complexity rather than suggest that we are able to infer "real" meanings*' (p76) and this helped to guard against drawing the simple conclusions. Indeed, a cornucopia of issues and insights was revealed in the data analysis process.

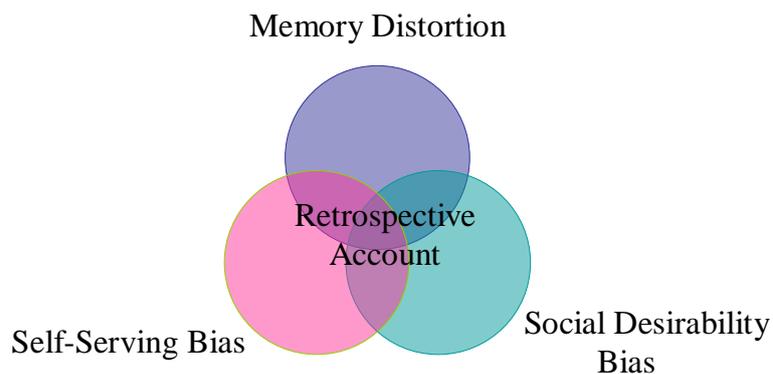
The researcher was also cautious not to discard any negative findings which are often overlooked in research. As Hofer and Bygrave (1992) highlight '*negative findings make a positive contribution to a field. They tell us about concepts, constructs, models, and theories that have not proved worthy of further use*' (p98). Therefore the researcher made careful note of any negative findings.

#### 5.12.1 Caveats to Consider

There were also caveats to consider in the analysis of the research. The problem of memory distortion was highlighted by DeMartino and Barbato (2003) and is a particular problem in self-reported data. Indeed, as the amount of time elapses after the event in question has occurred, it can be expected to be an increasing problem. Carter *et al.* (2003b) also draw attention to the issue in retrospective research whereby respondents

attempt to explain their intentions and in doing so exhibit a significant self-justification bias. Davidsson and Honig (2003) also stress the problem of hindsight bias and memory decay when studying start-ups attempts after they have occurred. These effects can have a significant impact on the validity of the results, prompting Carter *et al.* (2003b) to conclude that *'the stereotype of the highly independent, financially driven, self-actualized entrepreneur may be nothing more than a distillation of the retrospective stories that entrepreneurs have told researchers in the past'* (p35). Hence one important consideration in the data analysis process is how to deal with the problems inherent the analysis of retrospective data. These problems are illustrated in Figure 5.5 below:

Figure 5.5 Potential Problems in Retrospective Research



Source: Adapted from DeMartino and Barbato (2003)

The propensity of respondents to respond inaccurately to survey questions sheds some light on the problems. Cahalan (1968) conducted an enlightening study on this issue and his results are best considered by dividing respondent's responses into those regarding their present behaviour and those relating to their past behaviour. When considering their present behaviour, Cahalan (1968) found that respondents presented answers with a high degree of accuracy. This indicates that respondents tend to be accurate about reporting their present details and this will assist the validity of the data received. However, contrasting findings occurred when respondents were asked about previous events with respondents being found to rewrite history to follow what they thought they should do, rather than what they did do (*ibid*). This tendency for respondents to rewrite history will impact on the validity of the results.

Furthermore, as the research compares and contrasts the experiences of male and female entrepreneurs, exploring if there is a gender issue in this area is also relevant. In respect to the issue of gender, Cahalan (1968) found that whilst women appeared to be slightly more accurate in their responses, this was not statistically significant. Therefore comparison of female entrepreneurs' responses with male entrepreneurs' responses is permitted.

The problem of accuracy in respondents' responses is further compounded when researching entrepreneurs. Here Gibb (1992) argues that the filter of the ego is particularly prominent in entrepreneurs and as such they will externalise problems, considering them a result factors out with their control, whilst simultaneously over-emphasising their actions to highlight their capabilities. As such, Gibb (1992) believes that receiving objective information from an entrepreneur regarding their business may be difficult. This problem may be magnified when researching a sensitive topic, as Smith *et al.* (1989) found that entrepreneurs may provide the wrong information either by accident or on purpose. Therefore this is another issue to consider when researching the entrepreneurial process which includes sensitive topics such as financing. Hence the researcher was cognisant of these issues and by asking the entrepreneurs to complete a flashcard for sensitive questions such as turnover, hoped to minimise the impact of this problem.

#### 5.12.2 Triangulation of the Data

It emerged that all thirty-two entrepreneurs operated limited liability companies, thus a method of triangulation was available to the researcher. The researcher obtained all the companies annual accounts from Companies House. However, as all the entrepreneurs operate small and medium sized enterprises (SMEs) they have the option of filing modified accounts with Companies House in contrast to large private and public companies which must file full accounts (McKenzie, 2003, Holmes *et al.*, 2005). Thus these modified accounts provide less information and prevented the researcher from conducting a full financial analysis as there was limited information included and no information about the profitability of the companies available (McKenzie, 2003). A further caveat was that the majority of the accounts were unaudited which also limited the reliability of the data provided.

However, there was some variation amongst the sample with the medium sized companies required to disclose more information than the small companies (McKenzie, 2003). Furthermore, as some of the technology companies were actively seeking funding they had

filed more detailed accounts, presumably for potential investors to peruse. Therefore whilst the information garnered was limited, it did provide the researcher with albeit a limited insight into the company and by comparing previous years accounts a sense of the growth trajectory.

It was also interesting to note that Cowling *et al.* (2008) conducted research into SMEs utilising the HM Revenue and Customs data set in their research. Nevertheless even in this instance, with access to the Revenue and Customs database, they highlighted the difficulty in obtaining complete and accurate information about SMEs finances and noted that their results should be interpreted with caution. This further demonstrates how difficult it is to triangulate the data that entrepreneurs operating SMEs provide.

Consequently, it was not fully possible to triangulate the entrepreneurs' responses regarding their experiences of the entrepreneurial process, including starting and growing their venture. Moreover, there are arguments to suggest that this is not necessary and the entrepreneurs' insight into their experiences and perceptions should be allowed to stand alone as their perceptions and experiences are their own and thus do not require triangulation. For example, attempting to triangulate this would imply that it is possible to ascertain one true fix on reality, whereas the case is that there are multiple realities depending on the perspective taken (Mason, 2002; Silverman, 2005). Thus it is difficult to confirm the entrepreneur's story by asking others (Gartner *et al.*, 1992).

Therefore the caveats considered in both this and the previous section, demonstrate the difficulties in gathering data from entrepreneurs and this is an inherent issue in research of this nature. Nonetheless, research into entrepreneurs' experiences is required, as Gartner (2008) emphasises *'the current challenge is to pay attention to the stories that entrepreneurs tell about themselves, in the present, as to how their views of their past, present, and future are seen and then acted upon in their day-to-day lives'* (p360). Hence, the rich insights from entrepreneurs' narratives must be considered in the light off these caveats.

### 5.12.3 Role of the Researcher: Introduction of Own Bias

As discussed, qualitative methods are particularly open to the introduction of researcher bias during the data analysis stage (Easterby-Smith *et al.*, 1991; Lillis, 1999; Ghauri and Gronhaug, 2002). No researchers are entirely value free; all researchers view the world

through their own paradigms. Consequently, the introduction of researcher bias can damage the credibility of the conclusions reached. Accordingly it is incumbent upon the researcher to be mindful of this and take measures to prevent their own values from introducing bias into the research. Hence, the researcher was reflexive, questioning her own norms and remaining open to a wide range of different possible interpretations of the data. The time taken to analyse the data also proved beneficial here because the data was analysed over a prolonged period, this enabled the researcher to consider the data with a fresh perspective. Thus each time the researcher returned to the data she questioned her previous interpretation of the data. This followed Knight's (2002) recommendation to stop and take a break from coding the data so that when the researcher revisits the data the codes are strange and starting to use them again may show where the categories are weak. Moreover, checking and rechecking the data also allows different hypotheses to be considered and the researcher can also devise tests to check analyses and ask questions of the data to act as controls to help avoid bias in the interpretation of qualitative data (Marshall and Rossman, 1995). In practice this occurred when for instance, the researcher developed a typology to explain the findings and in doing so, further questioned the data and the interpretations therein, experimenting with different conceptual categories until robust categories emerged which formed the three strands of the typology. Moreover, the extensive use of verbatim quotes to illustrate the findings ensures that the entrepreneurs' voices are heard in the findings and provides readers with the opportunity to judge the validity of the interpretations.

### **5.13 The Prevailing Macro-Economic Situation at the Time of the Research**

The entrepreneurial process does not occur in a vacuum and Mulholland (1996) is critical of the entrepreneurial literature as often it does not consider the impact of structural factors such as the economic climate on the entrepreneur's venture. Therefore it is important to note that all the fieldwork was conducted between February 2007 and April 2008, with the majority of the interviews undertaken during 2007. To further clarify, this research considers each respondents entrepreneurial journey which began a number of years prior to the interview. However, it is important to be cognisant of the unfolding macro-economic events which may influence the entrepreneur's current opinions and attitudes towards entrepreneurship.

A number of extremely significant and arguably unprecedented events have occurred since the research was conducted. Whilst some of the fieldwork was conducted during what is

commonly referred to as the ‘credit crunch’ the ramifications of this were not yet apparent. Moreover, the global economic downturn did not intensify until the second half of 2008 (Scottish Government, 2009a). Hindsight shows that the research was undertaken during what is now known to be the end of the boom years or what the Governor of the Bank of England would refer to in a speech in June 2008 as the end of the ‘NICE’ decade, an acronym for the ‘*non-inflationary consistently expansionary*’ decade (King, 2008). Therefore at the time of the research the government had not launched its large scale rescue package to recapitalise the banking system, the Monetary Policy Committee at the Bank of England had not yet begun to aggressively cut interest rates and the UK was not yet in recession. Nonetheless during the research the UK had experienced its first bank run in over 150 years; however, the widespread deterioration of public confidence in the entire banking system was not yet palpable.

Thus it must be noted that the entrepreneurs’ views, particularly those with respect to access to finance, were offered near the end of the economic boom and the subsequent changes in the macro-economic climate could have prompted the entrepreneurs to offer different views. Therefore the views of the entrepreneurs were their views at the time and present a snap shot of their opinions at that particular time.

#### **5.14 Conclusion**

The methodology chapter presents a review of the wide range of factors that had to be considered before the research could be conducted. These include the philosophical underpinnings of the research, the parameters of the research, the selection of the sample, the collection of the data, ethical considerations, and the analysis of the data and the temporal dimension of the research. Explanations for each methodological decision have been provided and justified and the data gathered and analysed accordingly. An overview of the entrepreneurs who participated in the research will now be presented in Chapter 6 and the early stage findings discussed.

## CHAPTER 6

### THE ENTREPRENEURS IN CONTEXT

#### **6.1 Introduction**

This chapter will explore the background of the respondents to help contextualise their situations. Hence the background demographic information of the entrepreneurs is presented and considered. The chapter describes the entrepreneur's age, the age of their business, the number of employees, type of business premises, start-up process and the emergence of entrepreneurial teams.

To ensure their anonymity all the entrepreneurs have been given a pseudonym. In addition, the name of their business is not revealed and is instead described only by the general sector in which it operates. The specific location within Scotland in which each entrepreneur is based is also not directly attributed to them and the location of each entrepreneur is only given as the Registers of Scotland, Local Authority Area and is reported separately to help protect their identity. These measures have been taken to ensure that the ethical contract with the participants is adhered to and to ensure that they were able to discuss their entrepreneurial experiences freely.

#### **6.2 The Pilot Study**

In the pilot study four entrepreneurs were interviewed, an overview of the entrepreneurs in the pilot study is provided in Figure 6.1.

Figure 6.1 An Overview of the Entrepreneurs in the Pilot Study

Pilot Study	Age Category	Type of Business	Business Age	Approx No. of Employees		Start-up Process		Current Business Premises
				Full time	Part time	Sole Entrepreneur	Entrepreneurial Team	
<b>Female</b>	Years		Years					
Louise	45-54	Market Research	5	6	10		X	Commercial
Bridget	25-34	Marketing consultancy	2	1	0	X		Home
<b>Male</b>								
Carl	35-44	Photography	1	0	0	X		Home
Dan	45-54	Architecture	13	5	1	X		Commercial

As illustrated in Figure 6.1, the pilot study consisted of two male entrepreneurs and two female entrepreneurs. All the entrepreneurs operated in the service sector and had founded their business themselves. An interesting issue in the pilot study was the difficulty in ensuring that the entrepreneur was not part of a family business. For instance, the entrepreneur may appear to be operating as a solo entrepreneur but on closer inspection it may emerge that their spouse is a silent partner in the business. For example, it transpired that Louise's husband was named as a Director of the firm although he was not involved in the running of the business as he was occupied running his own business. In another instance, Jeremy had started his business himself but once it had become successful his wife had then joined the business as a partner. Therefore it appears that it is extremely difficult to ensure that the entrepreneur is not part of a family business as entrepreneurs do not start their businesses in a vacuum nor in isolation and they may seek the support of their spouse either as a silent partner or to join the business once it has proven successful. This issue illustrates the family ties that entrepreneurs bring into their businesses and the social nature of founding an enterprise. This was a learning point in the pilot study and the researcher endeavoured to ensure that spouse owned businesses were not included in the main study. Overall, the entrepreneurs in the pilot study provided useful feedback on the interview process and interesting insight into their entrepreneurial experiences.

### **6.3 The Main Research Study**

As discussed in the methodology, the researcher contacted numerous entrepreneurs to request their participation in the main study. The final sample of participants is comprised of the following number of entrepreneurs from each area of Scotland. As discussed, to protect the entrepreneurs' anonymity only the Local Authority Area in which their company is based is given. The location of the entrepreneurs is detailed in Figure 6.2 overleaf:

Figure 6.2 The Geographical Location of the Respondents

Local Authority Area	Number of Respondents in this Area
Aberdeen City	11
Argyll and Bute	1
City of Edinburgh	5
Dundee City	2
Glasgow City	7
Fife	1
Highland	2
Renfrewshire	1
South Ayrshire	1
South Lanarkshire	1
Total	32

As illustrated in Figure 6.2, respondents were included from across Scotland, with entrepreneurs operating in both the rural and urban environment and from the five largest Scottish cities Glasgow, Edinburgh, Aberdeen, Inverness and Dundee. However, whilst there was a wide geographic spread across Scotland, there was a strong representation of entrepreneurs from Aberdeen. This was because the researcher was based in Aberdeen and due to the sampling method of networking, contacts and referrals, a number of the respondents were located in Aberdeen. Nonetheless, the research did include entrepreneurs from across Scotland and this helped to ensure that a wide range of perspectives were reflected in the research. An overview of the entrepreneurs in the main research sample is provided in Figures 6.3 and 6.4, overleaf:

Figure 6.3 An Overview of the Entrepreneurs in the Business Services Sector

Business Service Entrepreneurs:	Age Category	Type of Business	Business Age	Approx. No. of Employees		Start-up Process		Current Business Premises
				Years	Full time	Part time	Sole Entrepreneur	
<b>Female</b>	Years		Years					
Emma	35-44	Recruitment	10	21	0			Commercial
Helen	45-54	Financial services	10	2	2	X		Home
Kate	45-54	Corporate health	8	21	7		X	Commercial
Meg	35-44	Recruitment	3	16	2		X	Commercial
Jenny	45-54	Financial services	5	4	1	X		Commercial
Joy	35-44	Public relations	7	11	0	X		Commercial
Kelly	55-64	Corporate Health	10	0	0	X		Commercial
Laura	25-34	Recruitment	3	14	0	X		Commercial
<b>Male</b>								
Mark	35-44	Web consultancy	5	3	0	X		Commercial
Tim	25-34	IT support	2	1	1		X	Commercial
Luke	35-44	Management consultancy	4	2	1	X		Commercial
Tom	45-54	Corporate communications	14	110	0	X		Commercial
Peter <sup>1</sup>	35-44	E-commerce and event management	3	7	0	X	X	Commercial
Ian	45-54	Public Relations	14	5	0	X		Commercial
Dan	55-64	Marketing consultancy	12	29	2		X	Commercial
Terry	35-44	Recruitment	12	15	12		X	Commercial

<sup>1</sup> Peter is involved in four businesses with varying levels of ownership and the figures included are an approximate average.

Figure 6.4 An Overview of the Entrepreneurs in the Technology Sector

Technology Entrepreneurs:	Age Category	Type of Business	Business Age	Approx No. of Employees		Start-up Process		Current Business Premises
				Years	Full time	Part time	Sole Entrepreneur	
<b>Female</b>	Years							
Tess	25-34	Environmental technology	2	0	0		X	Commercial
Joan	25-34	Pharmaceutical	3	11	4		X	Commercial
Eve	Over 65	Computer software	4	0	0		X	Home
Sue	55-64	Pharmaceutical	8	14	0		X	University
June	35-44	Biotechnology	3	3	0		X	University
Rachel	45-54	Biotechnology	2	3	1			Commercial
Anna	35-44	Clinical Research	9	70	0		X	Commercial
Sarah	Over 65	Computer software	15	10	0		X	Commercial
<b>Male</b>								
Mike	35-44	Energy technology	2	5	1			Commercial
Jack	35-44	Pharmaceutical	7	12	0		X	Commercial
Connor <sup>2</sup>	45-54	Computer software	2	0	0			University
Roy	55-64	Offshore technology	4	4	0		X	Commercial
Ross	45-54	Computer software and consulting	18	170	0		X	Commercial
Joe	25-34	Computer software	2	5	0			Commercial
Brian	35-44	Audio technology	4	7	0			Commercial
Ken	35-44	Computer software	2	0	0		X	Home

<sup>2</sup> Connor is involved in four businesses, with ownership of two, the figures included are approximate averages of the two businesses.

### 6.3.1 The Age of the Entrepreneurs

The entrepreneurs are represented across the age categories from 25-34 years to 65 years and over, the most prevalent age category 35-44 for both the male and female entrepreneurs. There were no entrepreneurs aged between 18-24 years old. Regarding their age at the start of their business, the theme which emerged from the in-depth interviews was that the entrepreneurs started their businesses after obtaining some work experience or postgraduate education. This reflects a previous finding that the probability of becoming self-employed increases as experience of the labour market increases, as it may take time in the labour market to discover an opportunity (Evans and Leighton, 1989). This is particularly relevant in the business services and technology sectors as it may take time for the prospective entrepreneur to acquire the necessary qualifications, skills and experience to enter the sector. At the opposite end of the spectrum, it is also interesting to note the presence of entrepreneurs in the older age category, with Eve and Sarah both in the over 65 age category. Eve and Sarah are serial entrepreneurs and had launched a number of businesses through their careers.

### 6.3.2 The Type of Business

As illustrated in Figures 6.3 and 6.4, the entrepreneurs operate a wide range of different businesses within the technology and business services sector. At the time of the research, all of the entrepreneurs operated limited liability companies. There were no sole traders or partnerships in the sample however; a number of the entrepreneurs had changed the legal status of their business over the life time of the business to suit their changing circumstances.

The legal status of the business is important as it influences the resources available to the business. For instance, previous research has found that it is more difficult for sole traders to access finance (Van Aucken and Neeley, 1996; Burns, 2001) as finance providers prefer to lend to limited companies due to the more stringent legal restrictions that they must adhere to (Burns, 2001). Therefore limited liability companies may be more likely to access external financing (Freedman and Goodwin, 1992) and may have access to a wider range of finance options (Carter *et al.*, 2004). Coleman (2000) also argues that due to the limited liability, entrepreneurs operating limited liability companies may be more likely to take financial risks and assume debt as they are not personally liable for any debts incurred through bankruptcy or default as sole traders or partnerships are. However, Coleman

(2000) does not consider the fact that lending institutions may require the Directors of limited liability company to sign a personal guarantee for the money borrowed and so there may be personal liability in this type of business too. Nonetheless, the fact that the entrepreneurs operate businesses with the same legal structure is useful as it provides the entrepreneurs with a similar structure from which to access resources.

### 6.3.3 The Age of the Business

The businesses were aged between two and eighteen years old. Overall, the average age of the businesses was 6.5 years however there was some variation between the two sectors. Whilst it is accepted that the sample was too small to be statistically representative, it was interesting to note that in the business services sector the average age of the female entrepreneurs' businesses' was 7 years whilst the male entrepreneurs' was 8.3 years. Whereas in the technology sector the average age of the female technology entrepreneurs' businesses was 5.75 years and the male entrepreneur's businesses were younger at 5.1 years.

Therefore when comparing the two sectors it is apparent that the male and female entrepreneurs in each sector have more in common with each other, than their colleagues of the same gender in another sector. For instance, on average both the male and female entrepreneurs in the business services sector operate older businesses than the male and female entrepreneurs in the technology sector. This is an interesting area that will be explored further in the entrepreneurs' narratives.

### 6.3.4 Number of Employees

As discussed, small and medium enterprises are defined as those with less than 250 employees (UK Government, 2008). All the entrepreneurs have less than 250 employees and therefore operate small or medium enterprises. Indeed, overwhelmingly the entrepreneurs operated micro or small enterprises with only Anna, Ross and Tom running medium sized enterprises, with over 50 employees. The inclusion of entrepreneurs with medium sized enterprises is warranted as they may provide an insight into how an entrepreneur can successfully grow their business. As noted in Chapter 2, if the government focus is on encouraging innovative, high growth companies, then it is important to include these entrepreneurs in the sample to help understand and learn from their experiences.

### 6.3.5 The Start-Up Process

All the entrepreneurs founded their businesses therefore they all had direct experience of the start-up process. This provides the basis for the research and was a key requirement for the entrepreneur's inclusion in the study. These entrepreneurs who started their business from inception are in contrast to the wider small business community in Scotland, whereby recent research reported that only 73% of small business owners had launched their business themselves rather than acquiring an existing business (Mason *et al.*, 2006). The fact that the entrepreneurs launched their businesses follows the criteria discussed for being considered an entrepreneur in Chapters 3 and 5, as all the respondents had acted entrepreneurially in identifying an opportunity and starting a business to exploit this opportunity.

### 6.3.6 Entrepreneurial Teams

The sample was stratified upon the basis of sector and gender however; within the sample other divisions became apparent. To refer back to Chapter 5, entrepreneurial teams have been relatively neglected in entrepreneurship research (Ucbasaran *et al.*, 2001). Moreover, the conceptual framework that underpins most entrepreneurial research tends to view the entrepreneur as a single enterprising individual (Harper, 2008). Consequently, as Rosa and Hamilton (1994) argue *'the preoccupation with "individualism" in entrepreneurial and small business studies has disguised the potential complexity of small business ownership, a complexity compounded by the influence of gender'* (p12). Therefore the existence of co-ownership renders it more problematic to classify businesses on the basis of their owner's gender (Rosa *et al.*, 1996; Chell and Baines, 1998). Nevertheless, entrepreneurial teams are a common feature of small business ownership in Scotland with Rosa and Hamilton (1994) in a study of over 600 firms, finding that 61% were co-owned.

The existence of co-ownership also became apparent in this research, whereby Rachel, Mike, Connor, Joe, Brian, Emma, Kate, Meg, Tim, Peter, Dan and Terry all launched their venture as part of a team. Whilst the majority of the entrepreneurial teams were composed of members of the same sex, balancing the existence of entrepreneurial teams and the parameters of the research was a difficult task, adding to the complexity of providing an adequate definition of the concept of the 'female entrepreneur'.

Thus as discussed in Chapter 5, to help define a 'female entrepreneur' a number of parameters were included. For instance, the female entrepreneurs in teams were to be included upon the condition that they owned 50% of the business. This follows the precedent set by previous research such as, Buttner and Moore (1997) and Moulton and Anderson (2005), at the start-up stage of the business. A further condition was that the business must be co-owned with a business partner rather than a spouse. By ensuring that co-ownership was not a spouse owned firm but rather colleague owned firm, it helped to ensure that the women had an active role in the business. Indeed, in all cases they had a major role in the business. Thus three female entrepreneurs, Kate, Meg and Rachel were members of mixed gender entrepreneurial teams, wherein they owned 50% of the company at the start-up stage. It was felt that to exclude them from the data was to overlook the experiences of an important group of female entrepreneurs and as such, it would be remiss to exclude their experiences.

Nonetheless, it is pertinent to consider the perils of including female entrepreneurs who start their businesses with male business partners. For example, Godwin *et al.* (2006) argue that by partnering with a man in male dominated sectors, the female entrepreneur will benefit from enhanced legitimacy, access to a larger number of resources and access to a more diverse social network. This may provide a very different entrepreneurial experience to female entrepreneurs operating as solo entrepreneurs. However, in this research Godwin *et al.*'s (2006) argument may be less relevant, as both Kate and Meg, operate in the business services sector which is considered to be a traditionally female sector (Carter *et al.*, 2004; Scottish Enterprise, 2005; Arenius and Autio, 2006; Loscocco *et al.*, 2009). Therefore the female entrepreneurs do not necessarily require the support of a male entrepreneur to enter this sector. In addition, both Kate and Meg went into business with their male colleagues after both teams had chosen to leave their previous employers to establish their own enterprises. This poses the question, if the female entrepreneurs were benefiting so much from partnering with a male entrepreneur, why would the male entrepreneur deliberately choose to go into this partnership, especially on a 50/50 basis? From undertaking the in-depth interviews, it is apparent that both women have an equal role in running the business and that their input is crucial to the success of the business. Furthermore, both female entrepreneurs sign the company financial accounts indicating that they have a significant role in running the company.

In contrast, Rachel does operate in a male dominated sector that is the technology sector (Godwin *et al.*, 2006). However, again at the start-up stage Rachel and her male business

partner established the business on a fifty-fifty basis; furthermore Rachel was already the co-owner of a small consultancy business and as such was able to offer her male colleague advice on the entrepreneurial process. In addition, the in-depth interview did not reveal any evidence that she 'hides' behind her male business partner. In fact, it emerged that one condition that the business angel stipulated for the company receiving investment, was that Rachel had to be made the CEO of the company. In these cases, there is no evidence to suggest that the female entrepreneurs participating in mixed gender teams adopted the legitimacy strategy outlined by Godwin *et al.* (2006). Consequently, the women engaged in entrepreneurial teams are included in the research as their experiences will help add to the understanding of female entrepreneurs.

Moreover, upon further consideration another interesting line of reasoning emerges. This is the idea that the concept of the solo entrepreneur is theoretically too narrow, overlooking the broader nature of the entrepreneurial process. This hails from the idea, as discussed in Chapter 4, that entrepreneurship is a socially embedded activity. For example, Rosa and Hamilton (1994) posit that *'the concept of the "lone female entrepreneur" is perhaps too limited. A woman in business is not an island, even if the sole legal owner, and cannot "escape" from the wider society'* (p12). For instance, it is acknowledged that solo entrepreneurs may be able to access the resources that they require such as human capital from their employees (Ucbasaran *et al.*, 2003). Indeed, as Drakopoulou Dodd and Anderson (2007) emphasise, whilst the entrepreneur must remain as the central character in the process, there must be recognition that the entrepreneur is embedded in their social network, interacting throughout the process with their wider social sphere. Thus researchers must be cautious of oversimplifying and considering entrepreneurship as an entirely individual process (*ibid*).

The real life experiences of the female entrepreneurs reported in this research, further illustrates the importance of considering the reality of female entrepreneurs' experiences and the problematic nature of too narrowly defining the female entrepreneur. Subsequently, one finding of this research, is that categorising women as female entrepreneurs or not, solely on the basis of a percentage of ownership of a business at a particular point in time, may be a rather arbitrary proxy for entrepreneurship. In fact, it risks oversimplifying the process, ignoring the wider context and excluding many female entrepreneurs and thus limiting our understanding of female entrepreneurs.

A further issue that emerged in the research was that business ownership was also complicated by the sector of operation. For instance, businesses in the technology sector may have particularly complicated start-up teams as the entrepreneur may be the driving force behind the business but they may also have to consider the wishes of the University or Research Institute who may initially own the underlying intellectual property and there may also be other colleagues who have also contributed to the research to consider. For example, Mike had a particularly complicated start-up team with himself and six other academics with ownership stakes as well as the university which held the intellectual property rights. However, in this case it was only Mike who left the university to work in the business on a full time basis whilst the other academic owners remained in their university employment. Thus Mike, whilst not the sole owner, was the driving force behind the business and can be deemed to be the entrepreneur.

A further issue that emerged within the entrepreneurial teams was that while an attempt was made to ensure that no family businesses were included in the research, it transpired that Terry, a business services entrepreneur, had founded his business with his brother before subsequently buying his brother's share of the business. No existing research was found to indicate that new sibling owned ventures would differ substantially from other male owned new ventures and thus have a significant impact, and as such this entrepreneur remained in the sample.

#### 6.3.7 Changes in the Ownership of the Business

A further finding was that the ownership structure of the entrepreneurs' businesses was complex and their narratives were often interwoven with the changes of the ownership structures through-out the life of the business. These changes in the ownership structure reflected the unique circumstances that the entrepreneurs encountered. Thus ownership of the business represents a major bargaining tool for the entrepreneur, and this may change over the course of the business as the entrepreneur seeks to maximise its value. In this research, four different reasons emerged which led to a change in the ownership of the business. These reasons will now be considered in more detail.

The first reason was that business ownership may be used by the entrepreneur as a reward for their employees' dedication and hard work. For example, Brian gave two employees ownership stakes after they had supported him during the launch of the business and after the original partner left the business. Similarly, over the course of the business Terry gave

ownership stakes in the business to four female employees as a reward for their contribution. Anna also utilised ownership stakes as a reward, and as the business grew, the reward structure became more formalised and an employee share ownership scheme was offered. Thus the composition of the entrepreneurial team and the ownership structure of the business may vary over time and may be used a method of rewarding employees.

The second reason that emerged was that as the business grows and becomes a more viable economic entity, the entrepreneur's family may become more involved. For example, in Tom's case once the business became more successful his wife left her previous employment to join the firm as a Director. The ownership structure of the business then changed again as the business grew and they brought in another male Director. Thus over the course of the business the ownership structure may change significantly. This raises the interesting point, that whilst every attempt was made to exclude family entrepreneurship from the research sample, it appears that by the very fact that the entrepreneur is at the heart of the business, the business is linked to the entrepreneur and therefore by association to their family. Moreover, whilst not all entrepreneurs seek to employ their family formally in their business, their narratives were peppered with examples of how their family had supported them and indirectly the business. This again reiterates the idea that the business is embedded in a social context and that the entrepreneur does not operate in a vacuum. Indeed, family support may offer an additional resource for entrepreneurs that they may access when required.

The third reason that emerged was that ownership of the business may also change over the course of the business due to the entrepreneurs' acquisition of resources. Thus the entrepreneur's ownership of the business may become diluted through the various rounds of financing. For example, Jack's share of the business became more diluted through successive rounds of equity financing that were required to continue to grow the business.

The final reason that emerged was that difficulties in the business may also change the ownership structure. For example, Dan started his entrepreneurial career by founding a business with his male business partner, they then merged with another business and the business grew significantly. However the business then floundered and Dan subsequently led a buy out re-launching the business under a new name with three colleagues. The ownership structure then changed again, as the business grew and Dan is now the largest shareholder. Thus ownership of the business changed significantly as the business sought to survive and then re-establish itself.

Therefore the finding of this research is that business ownership is complex with ownership and entrepreneurial teams shifting over the life of the business as the entrepreneur adapts to changing circumstances. These nuances in business ownership are revealed through the qualitative approach whereby entrepreneurs have the opportunity to discuss the ownership of the business throughout their narrative. Perhaps the straightforward notion of business ownership which is presented in the existent literature emerges from the reliance of quantitative methods in the field whereby entrepreneurs are encouraged to simplify business ownership in order to complete closed question surveys. One of the strengths of conducting qualitative research is that these changes and variations are presented and discussed. In doing so this sheds light upon the fluid and dynamic nature of entrepreneurship. Moreover, it re-conceptualises the notion of business ownership presenting it not as a simple marker or demographic background detail of the business but rather as a source of capital itself. Indeed, with the limited resources that entrepreneurs have at their disposal in the early stages of their business, the capital offered by business ownership can be crucial to the continuance of the firm and is an important bargaining tool for the entrepreneur and thus part of the entrepreneurial process itself.

Furthermore upon analysis, the concept of defining a female entrepreneur (or for that matter a male entrepreneur) by their ownership of a set percentage of the business is too static and conceptually limited for the dynamic reality that the entrepreneur encounters. Arguably entrepreneurship cannot be directly equated with ownership. Therefore a finding of this research is that rather than denoting entrepreneurship by an arbitrary level of ownership of a firm, it may be more useful to adopt a more philosophical approach and follow Bruyat and Julien's (2000) concept of the entrepreneur as the person '*without whom the business would not exist*'. Adopting this approach enables the wider inclusion of a variety of firms rather than just those who fit into the traditional ownership structure and would closer reflect the reality of the situation and the way that entrepreneurs seek to ensure the continuation of their business.

#### 6.3.8 Portfolio Entrepreneurs

Whilst gender and sector were selected to stratify the sample other differences between the entrepreneurs emerged within the sample. One example of this is the existence of portfolio entrepreneurs. Portfolio entrepreneurship refers to entrepreneurs who simultaneously own and engage in a range of enterprises (Rosa and Scott, 1999; Carter and Ram, 2003), that is, entrepreneurs who own two or more businesses at a time (Westhead *et al.*, 2003; Wiklund

and Shepherd, 2008). However, there have been a lack of studies into multiple business ownership conducted (Rosa and Scott, 1999) and until recently portfolio entrepreneurship was neglected in the research (Ucbasaran *et al.*, 2001), rendering it 'invisible' in the entrepreneurship literature (Carter and Ram, 2003).

In the Scottish context, two recent research studies have found that almost one quarter of small business owners and entrepreneurs own more than one business (Westhead *et al.*, 2003; Mason *et al.*, 2006). Therefore whilst portfolio entrepreneurs remain a minority amongst entrepreneurs they are nonetheless a sizeable minority. Portfolio entrepreneurship is particularly prevalent amongst the owners of limited liability companies with Rosa and Scott (1999) tentatively estimating that one-third to four-fifths of the limited company founders participate in portfolio entrepreneurship. Therefore as the entrepreneurs in this sample all operated limited liability companies it was likely that portfolio entrepreneurs would be present.

The presence of portfolio entrepreneurs raises further issues about the range of data that should be sought from the respondents. Recent research into portfolio entrepreneurship calls for an examination of the portfolio entrepreneurs beyond the usual dichotomy of business owners who own one business compared to those who own more than one business. For instance, there have been calls for researchers to consider the wider range of income generating activities that many entrepreneurs engage in or benefit from. Hence researchers should include any supplementary self employment, income derived from equity holdings, personal pensions or means-tested social security that the entrepreneur benefits from to provide a more holistic picture to help contextualise and interpret their economic activities (Carter *et al.*, 2004). Other research has called for researchers to separate the act of portfolio entrepreneurship from the act of establishing a new organisational entity and to consider portfolio entrepreneurship within the structure of the existing business (Wiklund and Shepherd, 2008). However, these intricate and complex examinations of portfolio entrepreneurship require a research methodology designed specifically to focus upon this issue and this is out with the focus and scope of this research.

Thus as Rosa and Scott (1999) state, portfolio entrepreneurship produces a complication that is difficult to deal with. It was not immediately apparent to the researcher which entrepreneurs were portfolio entrepreneurs as the request was made to discuss a particular business. However, over the course of the interview it became apparent that some

entrepreneurs were portfolio entrepreneurs. Indeed, Rachel, Eve, Brian, Dan and Terry all had other business interests but spent the majority of their time on their main business and as such focused the discussion on their main business. Their other business interests covered a wide spectrum ranging from small scale property development to consulting interests. In addition, another entrepreneur, Ross had participated in a high technology spin out at an earlier stage of his business but had left that business due to the time constraints of running his original business.

In contrast, Peter and Connor divided their time more equally between their different businesses and consequently their narratives were interwoven with references to their different businesses. Connor had launched two start-up businesses and was also employed in two other start-up businesses and thus he divided his time between the four businesses although he only had ownership stakes in two. Peter was also involved in four businesses and had different partners with different levels of ownership in each company. These real life variations and idiosyncrasies in their business ownership and operating patterns made it difficult to tabulate an overview of their businesses making the averages provided in Figure 6.3 and 6.4 approximations. This presented the researcher with a problem and again this may reflect the nature of qualitative research as the entrepreneur tells their whole story rather than simplifying it themselves to fit into designated categories. Perhaps this should be less of a surprise that entrepreneurs do operate ‘entrepreneurially’ following any opportunities and operating in a non-linear fashion. Upon reflection the researcher should perhaps have been stricter in the interview process however, the aim of the qualitative interview process is to allow the entrepreneurs to discuss what is important to them and this is what occurred. Hence this variation within the sample illustrates the diversity of entrepreneurs and the organizations that they establish (Ucbasaran *et al.*, 2001). Indeed, this reflects the *‘muddled circumstances of an entrepreneurial phenomenon that is cluttered and confusing’* (Gartner and Birley, 2002, p393-394). Highlighting the *‘messy “real-life” variety of entrepreneurship’* that qualitative research in particular draws out, presenting the researcher with more issues to consider than the *“clean” databases’* produced by quantitative methods (de Bruin *et al.*, 2007).

#### 6.3.9 Serial Entrepreneurs

A further example of the diversity amongst the entrepreneurs that emerged within the sample was their differing levels of experience. Serial entrepreneurship differs from portfolio entrepreneurship in that the entrepreneurs have run businesses previously. Serial

entrepreneurs are defined as those entrepreneurs who *'have sold/closed a business which they had a minority or majority ownership stake in, and they currently have a minority or majority ownership stake in a single independent business which is either, new, purchased or inherited'* (Westhead *et al.*, 2003, p189). During the interview process it emerged that a number of the entrepreneurs were serial entrepreneurs having started businesses and either sold or closed businesses prior to their current enterprise. In addition, entrepreneurs can be both serial and portfolio entrepreneurs as these categories are not mutually exclusive, as an entrepreneur may have sold a previous business and now currently be operating more than one business, as in Peter's case.

During the research it emerged that Kelly, Eve, Sarah, Joy, Helen, Roy, Ian, Peter, Dan, Luke were serial entrepreneurs. In addition, Jenny had participated in a management buy-out of the previous company that she had worked in. Again these businesses were a wide range of different types and ranged from more informal 'hobby' type business to a highly successful nationwide business. These businesses were also across a range of sectors from healthcare, to mail order businesses and locum services. As such, these entrepreneurs had a wide range of experience to draw upon in starting their current business. In contrast, to portfolio entrepreneurship in which only two female entrepreneurs were involved, more female entrepreneurs were involved in serial entrepreneurship. This may indicate that female entrepreneurs prefer to operate their businesses one at a time rather than a number of different business at once, however further research specifically into the phenomenon of multiple business ownership is required to explore if this is a common pattern or if there are other specific reasons for this.

#### 6.3.10 Novice Entrepreneurs

Westhead *et al.* (2003) define novice entrepreneurs as those *'with no prior minority or majority business ownership experience either as a business founder, an inheritor or a purchaser of an independent business who currently own a minority or majority equity stake in a independent business that is either new, purchased or inherited'* (p189). Following this definition the remaining entrepreneurs, Tess, Joan, Sue, June, Anna, Mike, Jack, Joe, Ken, Emma, Kate, Meg, Laura, Mark, Tim and Tom could be categorised as novice entrepreneurs. The term novice entrepreneur implies that they are less experienced than their counterparts in the Portfolio and Serial Entrepreneur classifications. However, the term novice may be a misnomer as it may obscure the fact that many of these entrepreneurs were highly experienced in their field before launching their current business

and thus had the necessary grounding to launch their business. Moreover, the differences between the entrepreneurs is further clouded by the penchant that some entrepreneurs have for setting up new independent businesses to pursue new opportunities whilst others would prefer to pursue these opportunities under the umbrella of their existing organisation. This causes some entrepreneurs to be classified as Portfolio Entrepreneurs whilst others remain as Novice Entrepreneurs and this is not associated with their relative business experience or success. For these reasons, these labels do not accurately reflect the whole situation when defining the entrepreneurs. Again this illustrates the inherently problematic nature of labelling and classifying the individual and unique experiences of entrepreneurs. Thus the conceptual category that emerges from the findings is the difficulty in developing labels which accurately reflect the entrepreneurs' experiences. This links back to and provides further support for, the difficulties encountered in defining the entrepreneur as discussed in Chapter 3. In essence, defining the entrepreneur and ascribing labels to their experience is fraught with difficulty due to the unique and diverse nature of each entrepreneurial process.

#### 6.3.11 The Business Premises

As illustrated in Figures 6.3 and 6.4, all of the entrepreneurs operated their businesses from commercial premises at the time of the research, with the exceptions of Eve, Helen and Ken who operated from home and Sue, June and Connor who operated from premises in a university building. The type of business premises that the entrepreneur is located in is of interest, as it could be argued that having commercial premises improves the credibility of the entrepreneur. This may be of particular importance for resource acquisition where for example Carter *et al.* (2004) found that the type of finance accessed varied with the type of premises of the business.

Notably, at the start of their business ventures, a difference emerged between the entrepreneurs in the business services sector and those in the technology sector. At the start of their business regardless of their gender, the business services entrepreneurs tended to start their businesses at home. Indeed, only Terry, Dan, Peter, Emma and Jenny started their business in commercial premises.

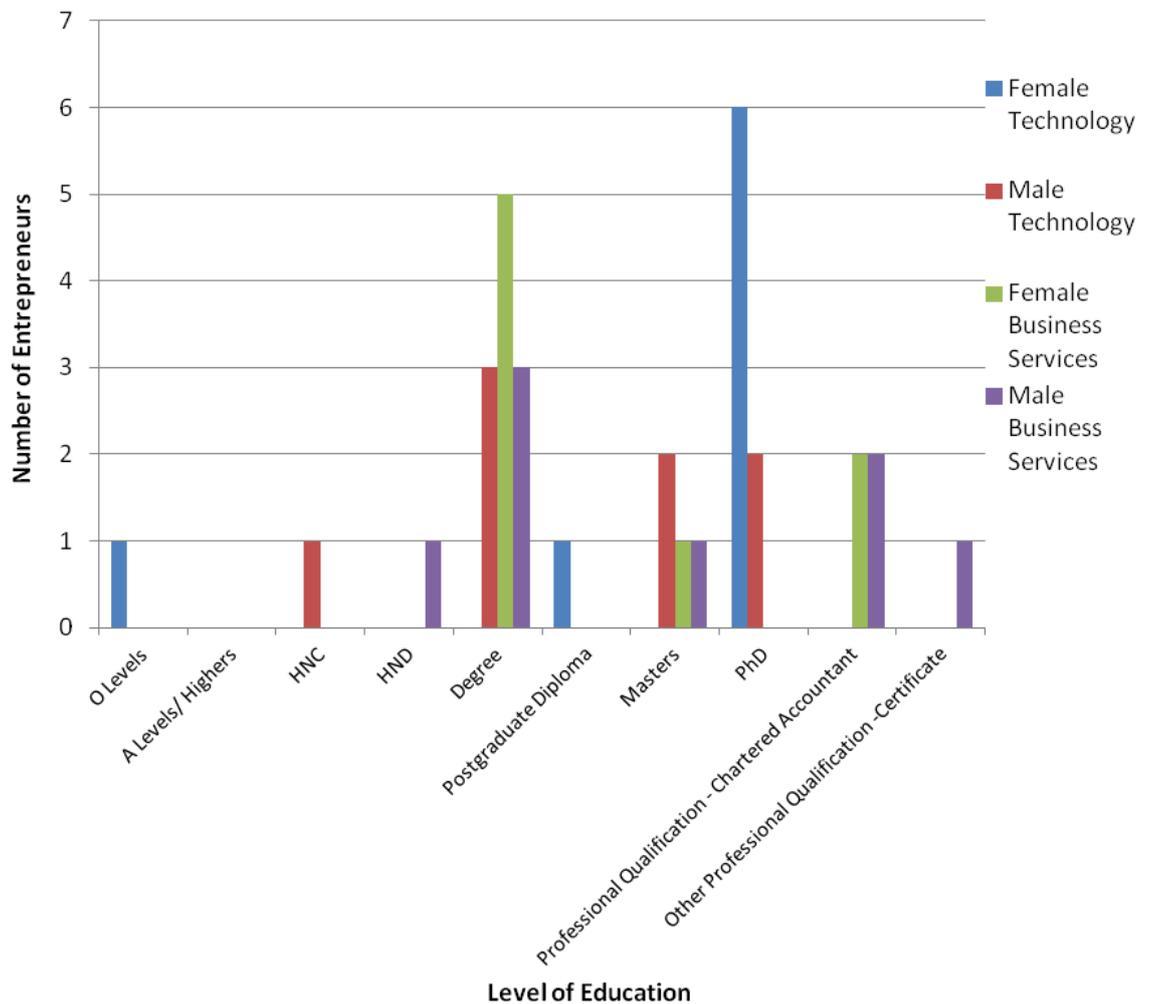
However, a different pattern emerged amongst the technology entrepreneurs whereby whilst Ken, Roy, Joe, Ross, Eve and Anna started at home and Brian, Rachel and Sarah started in commercial premises, technology entrepreneurs in some cases could avail of a

third option to start their venture in the University premises. Hence, Mike, Connor, Jack, June, Joan, Sue and Tess all started their business in a University or Research Institute premises. The possibility of being able to access University facilities is a significant support for the entrepreneur as the prestige and cachet associated with having a University address may provide a significant advantage for these technology entrepreneurs. Moreover, Meyer (2003) argues that this type of support should be taken into consideration when considering the resources that University spin-off companies have access to. Thus the location of the entrepreneurs businesses did not vary on the basis of their gender, but rather upon the basis of their sector. This again highlights the similarities of the entrepreneurs within sectors rather than within gender.

#### 6.3.12 Entrepreneurs' Educational Background

To reiterate a point from Chapter 3, the entrepreneur's level of education is of interest because starting and growing a business requires the entrepreneur to possess sufficient levels of human capital in which education plays a role. Hence, the entrepreneurs' highest level of education is illustrated in Figure 6.5 overleaf:

Figure 6.5 The Entrepreneurs' Highest Level of Education



The pattern that emerges is that the entrepreneurs are highly educated with all the entrepreneurs, with the exceptions of Eve, Ian, Terry and Brian educated to degree level or above. Indeed, comparing the educational attainment of the entrepreneurs to that of the Scottish population as a whole proves very enlightening. Considered as a percentage, 87.5% of the entrepreneurs were educated to degree level or above compared to only 23.3% of the general population in Scotland in employment aged from 25 to state pension age (Scottish Executive, 2006b). Whilst this research does not aim to generate statistically significant results and the qualitative methods invoked do not permit this, converting the findings into a percentage does help to illustrate how relatively highly educated the entrepreneurs in this sample are in comparison to the population at large. Whilst both the male and female groups are highly educated, the female entrepreneurs as a group were slightly more highly educated than the male entrepreneurs. In fact, only Eve did not hold a

degree, compared to Ian, Terry and Brian amongst the male entrepreneurs. However, it was when explored by sector that most differences were uncovered.

Within the business services sector, all the female entrepreneurs were educated to degree level or above whereas amongst the male entrepreneurs Ian and Terry did not hold a degree. Moreover, the male and female business services entrepreneurs had studied a wide range of subjects reflecting the fact that they operated businesses in a wide range of areas from health services, to graphic design to accountancy and recruitment. However, there was no evidence that the female entrepreneurs were less likely to have a business education with half of both the entrepreneurs in the female and male sample possessing a business education at the further, higher or professional level. This represents a similar pattern for both genders. Furthermore, this differs from Cliff's (1998) finding that female entrepreneurs were less likely to hold a business degree than their male colleagues and Fischer *et al.*'s (1993) finding that women are disadvantaged relative to men as they are deprived of a business education.

In the technology sector, all the male and female entrepreneurs were educated to degree level or above, with the exceptions of Eve and Brian. Furthermore, it is in the technology sector at the doctoral level that the entrepreneurs' qualifications illustrate the further educational difference between the male and female entrepreneurs. Here their educational attainment differs as June, Rachel, Sue, Anna, Tess and Joan all had the title 'Doctor' due to the PhD's they held in science, whilst Sarah also held the title 'Doctor' due to her healthcare degree. In comparison, Mike and Jack were the only male technology entrepreneurs in the sample with the title 'Doctor' conferred by their science PhD's.

The fact that these female entrepreneurs held PhDs in science renders them atypical amongst the Scottish population and differs from the general pattern wherein choice of subject remains gendered (Scottish Executive, 2006a). This difference may reflect a gender issue as whereby the high concentration of female technology entrepreneurs holding PhD qualifications in science may reflect the requirement for female entrepreneurs to be highly qualified in order to gain the credibility required to operate in this non-traditional female sector. Thus in order to succeed in the technology sector female entrepreneurs may have to be highly qualified to gain acceptance and credibility. This finding offers initial insight into the role of human capital in entrepreneurship, and this is an area that will be explored further in Chapter 8 when analysing the entrepreneurs' narratives.

This issue of credibility in the high technology sector was also explored by Gundry and Welsch (2001) who argue that as it is not a traditional female industry, potential female entrepreneurs may face more of a challenge in attempting to establish themselves in their field. The exceptionally high qualifications of the female entrepreneurs in this sample may reflect this issue where in order to successfully enter the sector and establish a business the female entrepreneurs must be highly qualified in order to gain credibility. Here the experiences of Eve are particularly interesting; as she is the only female technology entrepreneur who does not possess the title 'Doctor' and thereby benefit from the credibility that it may confer and this idea will be explored further in the entrepreneurs' narratives.

The general pattern in the sample is that the male and female entrepreneurs are highly educated. Of note is the particularly high level of education of the female technology entrepreneurs. This finding differs from previous research such as Baker *et al.* (1997) who found that women business owners were disadvantaged compared to male business owners as a result of possessing lower levels of human capital. However, with regards to education as part of their human capital, the female entrepreneurs in this research are not disadvantaged compared to their male counterparts as they were as likely to have a high level of education.

#### **6.4 Conclusion**

Comparing and contrasting the entrepreneurs' background details raised some interesting questions regarding researching entrepreneurship. The strength of qualitative research is that it provides an opportunity to draw out these issues. In this research, the emergence of entrepreneurial teams, the existence of portfolio and serial entrepreneurs and shifts in the ownership of the businesses, further stressed the individual nature of each entrepreneur's journey. Indeed, these findings emphasise Gartner's (2008) stance that '*Variation is, inherently, a fundamental characteristic of entrepreneurship*' (p359) and reflect the fact that entrepreneurs are not a homogeneous group (Gartner, 1985; Bhide, 1994). It is this inherent variation that renders entrepreneurship so difficult to define and illustrates the ongoing difficulties that academics encounter in attempting to reach a common definition for the term 'entrepreneur' (Wortman, 1987; Low and MacMillan, 1988; Gartner, 1990; Bygrave and Hofer, 1991; Shaver and Scott, 1991; Gartner *et al.*, 1992; Amit *et al.*, 1993; Brazeal and Herbert, 1999; Shane and Venkataraman, 2000; Sarri and Trihopoulou, 2005). Thus the differences between the entrepreneurs provides support for adopting a broader

approach to defining the entrepreneur and following Bruyat and Julien's (2000) definition, that anyone who creates a new innovation or organisation that is, the person without whom the value would not have been created, is an entrepreneur.

The early evidence from exploring the entrepreneurs' demographic details also suggests that the entrepreneurs' sector of operation is important. Indeed, mapping the differences between the entrepreneurs reveals the importance of sector. Even at this early stage broad patterns are beginning to emerge between those entrepreneurs in the technology sector and those in the business services sector. These patterns include the technology entrepreneurs' businesses being younger than the business services businesses and having fewer employees. Whilst both the business services and technology entrepreneurs tend to operate their businesses from commercial premises, the technology entrepreneurs also have a further option of utilising University premises, even after they have spun out of the University. This is a simplistic summary, but it is helpful to demonstrate that there are a number of differences between the entrepreneurs on the basis of their sector.

The results of Chapter 6 are also notable because gender has not emerged as a strong differentiator between the entrepreneurs. Indeed, the only notable gender difference that emerged is that whilst overall the entrepreneurs are highly educated, the female technology entrepreneurs are exceptionally highly educated. The possible impact of this difference will be explored in more depth when considering the entrepreneurs' narratives. Chapter 7 will now develop the analysis of the data further and consider the ramifications of the entrepreneurs' gender. Thus the views that the entrepreneurs' articulated regarding the impact of their gender on their entrepreneurial experience will now be explored.

## CHAPTER 7

### THE ROLE OF GENDER AS ARTICULATED BY THE ENTREPRENEURS

#### **7.1 Introduction**

The aim of this chapter is to consider the perceptions that the entrepreneurs articulated regarding the impact of their gender on their entrepreneurial experience. The findings will be described and patterns of association identified. Possible explanations for the findings will be considered with the researcher adopting Pepper's (1942) concept of Structural Corroboration, drawing together the different strands of evidence from the empirical research, to build an argument. Moreover, the researcher is cognisant of the fact that the strength of qualitative research is its ability to consider the possible range of diversity in the sample, thus care will be taken to explore both the recurrent and less typical themes that emerge from the data (White *et al.*, 2003). Quotations from the respondents will also be included to illustrate the arguments and to ensure that the entrepreneurs' voices are heard.

As discussed in Chapter 5, in order to avoid sensitising respondents to the issue of gender, it was not revealed to the participants that the research was concerned with the role of gender. Therefore the entrepreneurs were not directly asked about the influence of gender on their entrepreneurial experience. However, if the entrepreneur chose to raise the issue of gender and considered its impact, then a discussion was entered into, albeit with caution to ensure that it was not revealed that gender was the focus of the research to prevent influencing the remainder of the entrepreneur's responses.

Given that the entrepreneurs in the pilot study offered interesting insights into the role of gender in entrepreneurship, these views will be considered before focusing on the entrepreneurs in the main research. Hence the views proffered by both the male and female entrepreneurs will be discussed followed by an exploration of the key themes that emerge. In particular, the intra-gender differences and the resulting themes that emerged within the sample of female entrepreneurs will be explored. The strategies that the entrepreneurs' employed for dealing with gender issues will be described and the findings will then be considered through the theoretical lenses provided by the Liberal and Social Feminist theories and the Theory of Effectuation.

## **7.2 The Pilot Study**

During the pilot study the issue of gender and its role in entrepreneurship emerged as a minor theme, with the entrepreneurs raising and discussing its impact briefly during the interviews. However, when they did consider the implications of their gender the entrepreneurs expressed differing views, highlighting the complexity and nuances inherent in the role of gender. These alternative views reflect the *'multifaceted nature of the social world'* (Oliver, 2004, p33) and the differing experiences of the entrepreneurs.

Three different views regarding gender emerged during the pilot study. The first as expressed by Louise, a female entrepreneur in the business services sector, provides a critical appraisal of women, arguing that women must do more to circumvent the obstacles that they encounter. This is clearly illustrated in the following quote:-

*'I'm fed up, I think people put excuses and barriers and to be honest I think women are the worst. I remember even when I was working full time people would try and put guilt on you...there was many a time there were catastrophes happening at home... but if you're in business a woman has got to, I think that it is slightly harder in that it's a mans world, slightly, but not as much as folk would say, but really I've listened to women...talking about the broken down washing machine, talking about the angst [of] all this and having to not go to work that day...and I think no.'*

Louise, Business Services Entrepreneur

Whilst Louise adopted the Liberal Feminist position that *'it's a man's world'* implying that women are disadvantaged relative to men, she questioned the extent to which this occurs, adhering to the belief that with effort this can be overcome. For Louise the most significant challenge is balancing work and home life and she advocates that women should instigate coping strategies to overcome this problem:-

*'That's the hardest bit, women still do most of the household chores, so do I, but I think that you've just got to get over that. You've really just got to get over that bit and again if you can get together even a slight bit of money get a cleaner.'*

Louise, Business Services Entrepreneur

Therefore the first view that was raised was that whilst gender is an issue, the onus is on women themselves to overcome the obstacles.

The second contrasting view was presented by Carl who raised the issue of gender arguing that as a man he had been a victim of discrimination as he had been unable to access government support due to his gender. He felt aggrieved by this, as illustrated in his statement:-

*'There is a mentoring organisation however, it is very sexist...The fact that to get on it if you are male [and] you own your own company you have to turn over a quarter of a million a year but if you're female you only have to turn over fifty thousand a year... so you know, sexism is alive and well!'*

Carl, Business Services Entrepreneur

This raises an important point and emphasises that gender issues do not relate only to women but also to men. Furthermore, Carl highlighted an interesting issue about the adverse impact of affirmative action and how singling women out for additional support can cause men to feel discriminated against and excluded. Developing this argument it is possible that by offering additional support to women, government support agencies may cause resentment towards female entrepreneurs from the rest of the business community, producing an inadvertent negative consequence.

However, the third view emphasised the positive benefits of a women only business initiative wherein Bridget, a female business services entrepreneur, found comfort in the initiative. Bridget stressed that although the female entrepreneurs attending the initiative may be running stereotypically female businesses, such as style analysis or make up services, it was still beneficial to have the opportunity to meet with other women who were running their own businesses.

Therefore the issue of the role of women only initiatives or preferential treatment for women is a complex one, where the benefits to the female entrepreneurs and the possible negative consequences must be carefully considered. Continuing to interview both male and female entrepreneurs in the main research study will allow the issue to be explored further.

Overall, within the very small sample of the pilot study, the issue of gender had been independently raised by Louise, Carl and Bridget who each presented differing perspectives. Only Dan did not raise the issue of gender in his narrative. The responses of the entrepreneurs in the pilot study helped to validate the design of the research as the entrepreneurs had raised the issues that were of importance to them without the researcher leading them either to discuss gender or frame their responses and view their experiences in the context of their gender. Including a male control group also proved useful as it had produced an interesting result in terms of the gender debate and would allow the perceptions of male entrepreneurs to be considered further.

### **7.3 The Main Research Study**

In the main research study, gender emerged as only a minor theme. However, the impact of gender varied between the male and female sample and within the female sample. The perceptions that the entrepreneurs' articulated regarding the influence of their gender will now be explored.

#### **7.3.1 The Influence of Gender as Articulated by the Male Entrepreneurs**

Contrary to the pilot study, in which Carl felt aggrieved due to his gender, this pattern was not developed in the main body of research and did not emerge as a theme. None of the male entrepreneurs, in either of the two sectors, referred to their gender or cited their gender as an issue in the entrepreneurial process. The male entrepreneurs spoke freely of the issues they were interested in, however, their gender was not one of these issues. Thus the role of gender did not emerge as a theme amongst the male entrepreneurs, in either the business services or technology sectors. As such, it is not possible to quote the male entrepreneurs on this, as they did not discuss their gender.

The fact that the male entrepreneurs did not mention gender or its role in their experience of entrepreneurship provides further evidence for Bristor and Fischer's (1993) argument that men have tended to be treated as the '*self*' whilst women have been treated as the '*other*.' Therefore if men are the standard for entrepreneurship with male-centred business as the normal mode of business (Baker *et al.*, 1997) then it is to be expected that the male entrepreneurs do not discuss their experiences in the context of their gender, as their gender is not an issue but rather it represents the normal mode of operating. Consequently, in this research the male entrepreneurs did not perceive that their gender had a role in their entrepreneurial experiences and they did not discuss their experiences in the context of their gender.

#### **7.3.2 The Influence of Gender as Articulated by the Female Entrepreneurs**

Following the logic that entrepreneurship is a gendered phenomenon (Nilsson, 1997) with women cast in the role as the '*other*' (Bristor and Fischer, 1993) it could then be expected that gender would play a pivotal role in the female entrepreneurs' perceptions of their entrepreneurial experience. Indeed, overcoming their role as the '*other*' and being accepted in the male centred mode of business would be a central task. However, within

this research the female entrepreneurs' perceptions of the role of their gender emerged overall as only a minor theme. Thus the female entrepreneurs only cited and framed their entrepreneurial experiences in the context of their gender to a limited extent.

The pattern which did emerge was that the impact of gender varied depending upon the different temporal eras in which the female entrepreneurs were discussing their experiences. Hence the pattern that did develop was that the female entrepreneurs, who had experience of entrepreneurship in a previous era, were more likely to raise gender as an issue and discuss its impact. Indeed, the most vocal in discussing the impact of gender were Eve and Sarah, who were both aged over sixty-five years old. They recounted examples of gender discrimination and these were intrinsic to the descriptions of their business life and experiences. Gender discrimination was also raised by Kelly, who was over fifty-five years in age.

The common pattern here was that Eve, Sarah and Kelly were all serial entrepreneurs and had operated business over a number of years and thus in earlier eras. Furthermore the key incidents of gender discrimination that they discussed had occurred during their earlier business ventures in the previous era. Thus, the concept of era emerged as their experiences varied depending upon the era in which they operated their business. Indeed, Sarah, Eve and Kelly can be viewed as pioneers of female entrepreneurship because as serial entrepreneurs they had founded and run a number of different businesses over a long period of time. As such, they provide an insight into the changing nature of the impact of gender on female entrepreneurs.

There was only one other female entrepreneur who was aged over fifty-five years old and could therefore be expected to have had a similar experience. However, Sue differed from Eve, Sarah and Kelly, in that her current venture was her first entrepreneurial venture. Instead Sue had pursued a lifelong career as an academic, reaching the pinnacle of her field. Her recent business venture was her first foray into the business sphere and she did not have entrepreneurial experience of the previous era. Thus her experiences of entrepreneurship were relatively recent and occurred in the current era. Sue did not raise the issue of gender and this may be because women in entrepreneurship are now more common and as such, Sue did not encounter the same barriers to entrepreneurship as her counterparts did when they launched their ventures in an earlier era.

Eve, Sarah and Kelly all encountered blatant discrimination in their early business ventures and it is particularly interesting to note how much they perceive that the situation has changed and evolved. Thus amongst these entrepreneurs the role of gender emerged as an issue of era, whereby the ‘older’ female entrepreneurs encountered issues in an earlier era, when gender relations were different. Their entrepreneurial experiences in an earlier era will now be explored in more depth.

### 7.3.3 The Relationship between Gender and Era

For Eve, Sarah and Kelly, the theme of gender discrimination was woven into their narratives regarding their earlier business experiences. For example, in Sarah’s first business as a qualified professional, her father had to offer a personal guarantee to the bank for her business loan because as a woman in the 1960’s the bank would not accept her signature. Even in the 1980’s when launching her next venture as a successful businesswoman, she was still denied access to the Chief General Bank Manager with whom she had an appointment when her gender became apparent. As she recounted:-

*‘I got there for my appointment and the lady secretary came out and then she went back in and then she said Mr Smith can’t see you but Mr Jones will see you and Mr Jones was about twenty five and a very nice man but he said my limit is twenty thousand...and we were looking for half a million.’*

Sarah, Technology Entrepreneur

Similarly when Kelly, who was also a qualified professional, sought bank assistance to launch one of her earlier ventures she also found that:-

*‘When I was starting the locum business it was very sexist and the bank manager wouldn’t back me because I was a woman and I was actually told that. Nowadays you could take him for discrimination, but [then] they basically thought that women should all be bringing up their children.’*

Kelly, Business Services Entrepreneur

Eve also recalled the discrimination she had encountered in her earlier business career when attempting to access finance and her surprise when she was finally able to obtain the necessary money from the bank:-

*‘He agreed to loan me the money... I couldn’t believe it because I had been to the bank with all sorts of schemes and they had always said no... always had because I was a woman for a start and of course I didn’t have any collateral although I did have my house which was quite unusual.’*

Eve, Technology Entrepreneur

Therefore, during their entrepreneurial careers in an earlier era these female entrepreneurs had encountered blatant discrimination. Viewed through the theoretical lens of Liberal Feminism their experiences can be explained as a result of the unequal relations between men and women in society and the structure of society which discriminated against women on the basis of their gender. Thus the Liberal Feminist theory provides a useful explanation for these women's experiences of entrepreneurship **at that time**. To help resolve the unequal treatment of women in society, Liberal Feminists called for the implementation of legislation to improve the opportunities available to women and create a more equal society. These changes came to pass and with the implementation of Equal Opportunities legislation, the context in which female entrepreneurs operated their businesses changed.

Over the course of their business lives, Eve, Sarah and Kelly witnessed the social and political changes that have led to greater equality between the sexes and their later experiences reflect and chart these changes. Indeed, it is interesting to consider to what extent they believe the situation has changed for female entrepreneurs and their thoughts on the role of gender in their more recent entrepreneurial endeavours will now be explored.

Whilst Kelly stated that the sexism she encountered earlier in her entrepreneurial career had changed and she did not raise the issue again, both Eve and Sarah went on to discuss more recent examples of discrimination. Eve, a technology entrepreneur, lives in a rural part of Scotland and perceives a lack of support for female entrepreneurs in her local area:-

*'I've known that whenever I talk to local men... their attitude is 'oh aye' as if I'm knitting or making jam or something but I couldn't possibly be a cutting edge business woman or anything like that.'*

Eve, Technology Entrepreneur

It may be that in this rural part of Scotland traditional perceptions of the role of women are more entrenched and changing these perceptions may occur more slowly than in other areas. For instance, Eve encountered criticism when organising an annual business conference in this rural area. This was because in order to organise the national conference, which was being held in her local area, Eve liaised with the national headquarters of the organisation, rather than operating solely through the local committee. Eve felt that although the conference had been a success the local committee, an all male organisation, was dissatisfied and she attributed this dissatisfaction to her gender, referring to it as '*a bit of an anti-women thing.*' Nonetheless, Eve was unperturbed stating, '*you*

*occasionally meet these pockets of resistance as a woman'* and she has adopted a positive mindset with regards to gender discrimination:-

*'I think half the problem is in your own mind and going back again to the days when women were burning their bras I think if you need a label you haven't actually left it behind yourself. In my case because I was the eldest in the family and my father was a Battle of Britain Spitfire pilot he wasn't frightened of anybody and I'm the eldest so he just taught me to do these things but I think if you hide behind a label then you haven't actually left that area.'*

Eve, Technology Entrepreneur

Hence, whilst Kelly has a more positive attitude about the changing role of gender relations, and Eve has adopted a 'can do' attitude, Sarah has a more negative view. Sarah's perception is that discrimination does still exist in the general Scottish business community:-

*'But that's changed, you can get money in your own right now, but they like to see you with a man there somewhere... even if its your accountant or somebody in your business they like to see a man there, they're very wary of all women businesses. Unless maybe it's a beauty parlour or something...if it's like a legal office or an accountant's office they wouldn't really like it if it was [an] all women business, in Scotland anyway.'*

Sarah, Technology Entrepreneur

Notably, while Sarah raised this issue, she did not recount any examples of gender discrimination in accessing the capital that she required for her own business. Although, Sarah did encounter discrimination in a business networking group for high growth entrepreneurs in Scotland:-

*'In the [Networking Organisation] the men talk together... They'll talk to the women as well but basically the men will do deals together...they actually get honest help from other people whereas although they talk to the women they are not so honest with the women... they won't quite say well if it was me I would take this risk.'*

Sarah, Technology Entrepreneur

In summary, while Eve, Sarah and Kelly all encountered gender discrimination in their earlier business careers, Kelly believes that the situation has changed, Eve adopts a positive attitude whilst acknowledging that it is still an issue in her rural part of Scotland and Sarah still encounters gender discrimination in Scotland. However, when gender discrimination occurs it is not as blatant as in their earlier career and it is more subtle in nature. Thus their changing experiences illustrate how society has changed. Moreover, whilst their experiences can continue to be interpreted through the lens of the Liberal Feminist theory, their more recent experiences offer an example of how gender discrimination in its most blatant form is diminishing and although it has not been eradicated, it has less of a role in their business experience and any examples of

discrimination are now more subtle in nature. The key conceptual issue that emerges from these findings is the temporal nature of the issue. These findings demonstrate how the situation is dynamic and that the female entrepreneurs' experiences reflect the changes in society. Therefore when considering the role of gender in entrepreneurship, it is important that researchers are cognisant of the temporal issue and research findings must be viewed in light of the era in which female entrepreneurs engaged in entrepreneurship. The role of gender in the current era, as described by the remaining female entrepreneurs will now be explored.

#### 7.3.4 Current Era

The other female entrepreneurs in the sample were all aged below fifty-five years old and had engaged in entrepreneurship more recently. Indeed, with the exceptions of Joy, Helen and Jenny who had previous but very limited entrepreneurial experience, this was their first entrepreneurial venture and the average age of their businesses was just 5.4 years. As such, they had become entrepreneurs in the current era.

Consequently, their entrepreneurial experiences have been much more recent and have occurred during a time in which, arguably society has become more equal. This was reflected in their narratives where they did not discuss the blatant discrimination that their counterparts experienced in the previous era. Indeed, these female entrepreneurs were much less likely to discuss their experiences in the context of their gender and their narratives were not interwoven with references to their gender.

Hence, gender emerged as an almost imperceptible theme that was raised infrequently during their discussions of the entrepreneurial process and their experience. Indeed, the gender related issues that were raised were the role of women only business initiatives, such as women only networking and mentoring or grants aimed specifically at female entrepreneurs. A possible reason as to why the entrepreneurs raise the issue of gender in these cases is that in keeping with equality legislation there is now much less labelling of the workforce by gender. In fact, women only initiatives are one of the few instances in which overt gender labelling is used in the workforce. Thus, on becoming an entrepreneur, women are labelled as 'female entrepreneurs' and offered access to women only business support initiatives. This raises their gender as an issue and prompts them to consider their views on these initiatives.

In this research, the theme that emerged regarding the female entrepreneurs' attitudes towards women only initiatives was negative in nature. The reasons for the criticism of the women only initiatives can be grouped into two categories, namely, a lack of benefits from participation and an ideological opposition to the concept of women only initiatives. These perceptions will now be considered in more detail.

### 7.3.5 Current Perceptions of Initiatives Targeted Towards Female Entrepreneurs

Of the female entrepreneurs who have engaged in entrepreneurship in the current era, a range of views on women only initiatives emerged. For instance, whilst Meg a business services entrepreneur, was aware of a female only mentoring scheme and was considering participating in the future, the other female entrepreneurs presented a negative view of female only networking. When discussing their experiences of networking Kate, Emma, Joan, Helen, Laura and Joy raised the issue of female only networking initiatives. However, they did not consider these initiatives to be beneficial. The main theme was the lack of benefits gained from this type of networking. For example, both Kate and Helen perceived there to be a lack of benefits from participating in this type of networking. As Kate stated:-

*'I looked at Women into Business ...and the profile with what they were doing just didn't fit with us and I couldn't see the benefit to either them or me...and I thought well I've got to invest time in it and what are the benefits going to be and I felt that the benefit was not enough to take me out of growing the business.'*

Kate, Business Services Entrepreneur

Similarly, Helen had attended women only networking events but stopped attending because she felt that she *'wasn't getting anything out of it.'* This was because she found that the other participants were at the start-up stage of their businesses and were reluctant to consider employing her services.

A further issue that emerged was the motivation that the other participants had for attending women only networking groups. For instance, Emma, a business services entrepreneur, had engaged in women only networking but found that it was not useful as there were not enough 'business people' attending, castigating it as *'too much about putting make-up on'* with *'ladies who lunch'* and some attendees wanting *'something a bit more frilly than business proper networking'*. Likewise, Laura did not find these networking events useful, referring disparagingly to them as *'birds who network and drink coffee'*. Therefore women only networking was not perceived to be 'business like' enough

to be of benefit and there appears to be a perception that these events are not attended by other 'serious' entrepreneurs.

An additional obstacle for Joan, a technology entrepreneur, was that she was the only person there from the technology sector prompting her to comment that '*you kind of stand out.*' Therefore it was difficult for her to network as there was no-one else there from her sector to network with and this highlights the lack of women operating in the technology sector in Scotland.

An alternative, although less articulated view was expressed by Joy, who had an ideological opposition to the concept of women only initiatives. Here Joy argued:-

*'I have a personal dislike of female only groups...I make a point of not going to anything that has the title 'Female Business', 'Women in Business' because I don't think I'm a woman in business, I'm somebody doing business and that's not a real feminist thing that's just why should I be different from anyone else? Why should all the women cling together?'*

Joy, Business Services Entrepreneur

Joy's view emphasises the dislike of labelling and concurs with Eve, who also argued that women shouldn't hide behind the label of being female. The female entrepreneurs' views are interesting because they stress the women's reluctance to be viewed as different in the business sphere. Hence they demonstrate that these women do not want to shelter behind a gendered identity. Thus the theme that emerged was the women's negative attitude towards women only networking events.

A further area where government initiatives were targeted towards female entrepreneurs is the realm of funding. Notably legal restrictions prevent funding being restricted solely on the basis of gender. However, there were examples of types of government funding, such as micro-credit schemes, which were marketed specifically towards female entrepreneurs. Of all the female entrepreneurs, only Helen and Laura discussed trying to access this type of funding. Thus accessing funding specifically targeted towards female entrepreneurs was not a common method of acquiring capital amongst the entrepreneurs in this research.

Helen and Laura both operate in the business services sector, however, they had differing experiences of accessing this type of finance. Helen was successful in acquiring a small loan from a micro-credit initiative and also found some new clients from participating in the process. In contrast, Laura was disillusioned, as she had applied for a grant available

for women owned businesses but her application had been denied causing resentment towards the initiative:-

*'I went for the Females into Business grants and I got turned down...because I was too well financed, they said I didn't need it...If we look at it there's not too many start-up businesses in three years that have actually got to a turnover of over a million and to get [that] you need to be committing to employing people and growing a business that actually can sustain and create jobs within Scotland. Now I would have thought that that is their overall aim, so [I was] quite disappointed that they don't see businesses like that and catch businesses like that.'*

Laura, Business Services Entrepreneur

Therefore the female entrepreneurs had different experiences of women only funding initiatives. One possible explanation for this is the female entrepreneur's growth ambitions as these funding initiatives did not appear to cater for female entrepreneurs with high growth ambitions. Consequently, female entrepreneurs such as Laura, who have secured external finance at the start-up stage and who are aiming to grow their business quickly, are disqualified from accessing these grants. This may indicate that these initiatives are not aimed at supporting women with high growth ambitions and hence these female entrepreneurs may receive less support than their counterparts with more modest ambitions.

The theme that emerges is that in the current era, female entrepreneurs are prompted to consider their gender when posed with these women only initiatives. Furthermore, those female entrepreneurs with high growth ambitions appear disillusioned with the women only initiatives as the structure of the networking and funding provided did not match their ambitions. As such, these types of support initiatives based on gender may be an indirect discrimination working for low aspiration entrepreneurs and against those entrepreneurs with high aspirations.

#### 7.3.6 Current Perceptions of Network Access

Notably, whilst Eve and Sarah, the pioneering female entrepreneurs continued to describe more recent discrimination at mixed gender business networking events, of the female entrepreneurs in the current era, only Helen, a business services entrepreneur, described encountering gender isolation. However, this occurred only in one specific networking group, as she described:-

*'[Networking Organisation]...tends to be very male dominated...I was the only women in the [Group] for six months...so it ends up like a bit of a big boys club.'*

Helen, Business Services Entrepreneur

Thus gender was not reported as an impediment to networking amongst the female entrepreneurs who had only operated in the current era. This was the case for female entrepreneurs in both the technology and business services sector, who described their approach to networking in the following quotes:-

*'You could if you wanted to go to some sort of networking event probably every day of the week...it's a very good way of doing business.'*

Rachel, Technology Entrepreneur

*'When you first start you walk into a room and its like deep breath, walk in and now because you get so into the business community here you walk in and its like where do I start? And it's not an effort...but I would say that people are very open about it because that's how you do business and it's a very accepted way.'*

Emma, Business Services Entrepreneur

A recurring view of the female entrepreneurs is that mixed gender networks are accessible and there was little evidence of gender isolation in networking. Hence, there is limited support for the Liberal Feminist theory with regards to the female entrepreneurs' social capital. Whilst the three examples of gender isolation in networking groups do provide support for the Liberal Feminist argument that women are discriminated against, this was only in a minority of cases in the sample and does not lend substantial support to Shaw *et al.*'s (2001) finding that female entrepreneurs have less access to business networks. This finding is particularly interesting when considering the female entrepreneurs in the technology sector. As a non-traditional female sector, previous research has found that women may experience more difficulty in trying to establish their credibility in the technology sector (Gundry and Welsch, 2001). Therefore it may have been expected that the female technology entrepreneurs would have raised the issue of their gender as an obstacle in the domain of networks. However, this was not the case in this research. Perhaps, the female technology entrepreneurs' exceptionally high levels of education helped enhance their credibility and insulate them from this problem.

### 7.3.7 Current Perceptions of Access to Financial Capital

As discussed in Chapter 4, there is a significant body of research that suggests that women are discriminated against in their access to finance (Schwartz, 1976; Hisrich and Brush, 1986; Fay and Williams, 1993; Coleman, 2000; Watson, 2006). However, in this research, the theme which emerged was that the female entrepreneurs did not articulate that their gender was an obstacle in accessing finance. No female entrepreneur recounted any experience of gender discrimination in accessing finance in the current era. Interestingly it was only cited as an obstacle in the previous era in the female entrepreneurs' earlier

business ventures as discussed in Section 7.3.3. Thus, the female entrepreneurs did not perceive that they were discriminated against in the current era in their access to finance. Therefore with regards to the access to finance the female entrepreneurs did not articulate any recent examples that they were discriminated against.

#### 7.3.8 Comparing the Previous and Current Eras

Comparing the experiences of the female entrepreneurs, in the earlier and more recent eras, helps to chart how gender relations have changed over time. The changes articulated reflect the changes discussed at length in Chapter 3, whereby women have moved from the private to the public sphere (Walby, 1997) with increasing participation in education and the work force. In doing so, the findings of this research provide an important example of the role of era in gender research. Indeed, the temporal context of female entrepreneurship must be considered when interpreting gender findings and the era in which the female entrepreneurs had their formative experiences must be considered as it may impact on their subsequent perceptions of entrepreneurship. Hence, a key finding of this research is the importance of recognising temporal issues and the particular era and its impact upon respondents' experiences of gender issues.

Returning to previous literature, the emergence of the division of the female entrepreneurs by age and their differing experiences of the impact of gender is consistent but offers a different perspective to Walby's (1997) findings that the impact of gender is different for older and younger women with '*age specific patterns of gender inequality*' (p47) occurring. However, Walby's (1997) research referred to women in general, rather than female entrepreneurs in specific, and thus there is the requirement for further research into the sphere of entrepreneurship to consider the issue of era. Moreover, considering the issue of temporal era in relation to previous research findings may help to untangle some of the contradictions in the existent literature.

#### 7.3.9 Perceptions of Inherent Gender Differences

Another interesting minor theme that emerged was the differences that the female entrepreneurs articulated between themselves and their male counterparts. For instance, Sarah raised the issue of inherent differences between male and female entrepreneurs and the impact upon their business. Sarah believes that men and women have inherent differences based upon their gender which affects their access to finance and argued that:-

*'The women are different to the men, the men pick and choose ... so again with the money if a bank says I'll lend you, they say great, that's terrific, its five percent over base oh that's all right. Whereas a man will negotiate them down to one and a half percent over base for the same sum of money and it's just a question of good negotiating skills, which a lot of women tend not to have.'*

Sarah, Technology Entrepreneur

Therefore Sarah thinks that women are inherently different to men, and in this case this has negative connotations, as she thinks that it hampers women's ability to access finance at a reasonable rate. However, the female entrepreneurs generally did not articulate differences between entrepreneurs based upon their gender. In fact, only two other female entrepreneurs, Laura and Rachel, raised and defined differences between entrepreneurs based on their gender.

Laura stated her belief that as a female entrepreneur she is more risk averse and more cautious in her growth aspirations, as discussed below:

*'I think that's a female trait though, I think females sort of go in and they are very realistic now in what they do and guys sometimes look at business plans and they think well if you're making your business plan you're not aiming high enough... you should be striving further and harder, you're not pushing yourself hard enough so there is a difference I think between how females look at it and how males look at it.'*

Laura, Business Services Entrepreneur

Laura's view supports Cliff's (1998) finding that female entrepreneurs prefer to grow their business in a more controlled and manageable way than their male colleagues. However, this was not a recurrent view and the other female entrepreneurs did not discuss their preferences for growth in the context of their gender at all. However, whilst women may not have expressly articulated gender as a determinant of business growth the following chapters will proceed to unpack the data and compare and contrast the male and female entrepreneurs' entrepreneurial experiences to consider if any gender differences emerge.

Moreover, Rachel cited an advantageous trait to female entrepreneurs, attributing better business management to women:-

*'Perhaps the science side is even more male dominated and what that tends to lead to, I think, is an awful lot of very poor senior people, very poor male managers because I think it is something that women are generally better at just naturally.'*

Rachel, Technology Entrepreneur

Hence the female entrepreneurs defined a very limited number of traits differentiated by gender and this did not emerge as a strong theme. Thus there was limited support for Social Feminist theory in relation to traits exhibited by men and women due to their socialisation and gender. However, adopting the Constant Comparative Method for data analysis revealed further issues that will now be explored in more depth.

#### **7.4 The Emergence of the Three Strand Typology**

Notably, whilst overall the female entrepreneurs' perception of gender and its role in their entrepreneurial experience emerged as a minor theme in the research, the in-depth coding of the data revealed a subtle undercurrent that is interesting to explore. Indeed, it became apparent that the individual female entrepreneurs adopted different methods of dealing with the issue of gender and that a number of patterns emerged. The identification of these patterns prompted the reconsideration of the findings to try to conceptualise them and gain a greater understanding of what was occurring and how it can be explained.

Analysing the findings through the lenses of the Liberal and Social Feminist theories, proved useful in helping to understand why there are any overarching differences between the experiences of the male and female entrepreneurs. However, the exploratory power of these theories were limited as they do not extend to exploring if there are any possible intra-gender differences *between* the female entrepreneurs and why this may be. Instead women are depicted as a homogeneous group considered collectively, with their experiences juxtaposed against those of men. Therefore it was necessary to consider the situation further to account for any possible intra-gender differences and to fully understand the situation.

Significantly as discussed in Chapter 3, female entrepreneurs are not a homogeneous group (Holmquist, 1997; Warren and Walters, 1998; McGregor and Tweed, 2002; Marlow and Carter, 2004; Sarri and Trihopoulou, 2005; Constantinidis *et al.*, 2006). However, a common critique of the existing body of research is that the heterogeneity of female entrepreneurs is often overlooked (Brush, 1992; Haines *et al.*, 1999; Mirchandi, 1999; Hill *et al.*, 2006) and more research is required that examines the possible differences between female entrepreneurs (Sonfield *et al.*, 2001; Marlow and Patton, 2005).

A further limitation of the Liberal and Social Feminist theories is the fact that they assume that women act passively regarding their gender. Hence, the two theories respectively argue that women are discriminated against (Bristor and Fischer, 1993; Morris *et al.*, 2006) and that men and women are inherently different due to their socialisation (Fischer *et al.*, 1993). However, these theories do not extend to explore if and how, female entrepreneurs manage the impact of gender. Thus, they assume that women are passive in this process and they do not consider the possibility that women may be proactive and seek to influence the situation. Therefore additional exploratory frameworks are required to consider this

issue further. As such, it is necessary to build upon the Social and Liberal Feminist theories to fully consider the heterogeneity of female entrepreneurs further.

By continuing to analyse the findings through the Constant Comparative Method new theoretical concepts emerged which help to further explain the findings in the research. After a process of trial and error, whereby numerous different categories were developed to try and explain the findings, three categories emerged which best explained the findings in the research. The Three Strand Typology seeks to explain the essence of the data and to help conceptualise how the female entrepreneurs deal with the issue of gender. These three types are conceptual categories based upon the female entrepreneurs' behaviour. Thus the female entrepreneurs can be grouped into three distinct groups, 'Distancers', 'Non-Perceptors' and 'Pragmatists' and each group forms a strand of the typology. The categories that form the three strand typology will now be considered in more detail.

#### 7.4.1 Strand One – 'Distancers'

Upon analysis it became apparent that Joy, Emma, Laura, Kate, Kelly and Eve, adopted a strategy of distancing themselves from the stereotype of being a 'female' entrepreneur. Thus they were trying to move beyond the gender stereotype of being a 'female' entrepreneur and minimise the possible impact of gender on their entrepreneurial experience. Evidence for this situation was provided in the female entrepreneurs' choice of language when discussing gender issues and their attempts to dissociate themselves from the connotations associated with being a 'female' entrepreneur. For example, Joy explicitly stated that she did not wish to be considered as a businesswoman but rather as a '*person doing business*' and this was the only time during the interview that she discussed her gender, therefore she was clearly detaching herself from the issue.

These female entrepreneurs may also attempt to define themselves as apart from other women. For instance, this was evident in the language that Emma invoked to describe women and her goal to distance herself from this when seeking finance:-

*'And I think they could tell hopefully once they met you, how sincere you were, you weren't just like two dizzy girls wanting to open up a company, you were kind of really serious about this.'*

Emma, Business Services Entrepreneur

The phrase '*two dizzy girls*' is particularly disparaging and Emma was keen to distance herself from this image. Likewise, Laura castigated the '*birds who drink coffee and network*' whilst Kate couldn't see the benefit in attending female specific networking. In a

similar manner Eve is also keen to separate herself from the image of a helpless woman stating that:-

*'I've never ever felt I couldn't possibly do it, I've never pretended to be a helpless female and 'please will you help me'. I've just gone to them and said this is what I want to do. Sometimes that doesn't work, there are men who don't like reasonably powerful women and I'm not going to help, but others who just think this is a business deal and you happen to be a woman and so you get help...But I think its sad that some women have difficulty achieving things and they are not getting the support that they need.'*

Eve, Technology Entrepreneur

Again by stressing that 'some women' can't get the support that they need Eve is further distancing herself from them. In addition to separating themselves from any possible negative perceptions of women; Kelly further divides female entrepreneurs into those who are financially dependent upon their business and those who aren't, implying serious and less serious female entrepreneurs:-

*'I don't like being sexist but it might be mainly women, quite a lot of women that I know, that I have met who when they've got their own business if you speak to them it is not their main income. They were married to a policeman or a fire service man, they've got their mortgage, their kids, they've got that met by their husband's salary so... if they were told tomorrow no husband, no income, how are you going to do? So it's like anything, a different ball game, there's not a lot of people who just, certainly women, I don't think who have just this as their [income] that's it, they've got to make money.'*

Kelly, Business Services Entrepreneur

Therefore these female entrepreneurs were distancing themselves from the perceptions of women as 'dizzy', 'helpless' and 'not serious' about their enterprise and re-defining themselves as apart from this. This could be an attempt to move away from the label of the 'other' (Bristor and Fischer, 1993) in the entrepreneurial context and to redefine them to help avoid any possible gender discrimination. This may also explain why the female entrepreneurs dislike the female only initiatives, as these represent remedial action taken by the enterprise support agencies that aim to assist female entrepreneurs under the pretext that they are not as successful as their male counterparts. As such, these initiatives may act as a division and reinforce the perception of women as the 'other' who require special assistance. As a result the female entrepreneurs in this sample may shun this assistance as they are keen not to be perceived in this way but rather as successful business people.

In effect these female entrepreneurs are taking steps to distance themselves from the commonly held stereotype of 'female' entrepreneurs, the conceptual category emerged from the data whereby these female entrepreneurs could be regarded as 'Distancers' with respect to their actions towards their gender. Therefore the conceptual category is that one strand of female entrepreneurs deal with their gender by distancing themselves from the

stereotype of the 'female' entrepreneur. This may be to protect themselves from any possible negative connotations associated with being a 'female' entrepreneur.

Thus 'Distancers' adopt a number of methods to help separate themselves from the stereotype of the 'female' entrepreneur and these include:

- A reluctance to raise and acknowledge the issue of gender;
- Rejecting women only business initiatives to prevent being perceived as different due to their gender;
- Utilising language in order to distance oneself from the concept of the 'female' entrepreneur;
- Emphasising the difference between oneself and 'other' women.

Hence the concept that arises is that women who adhere to the 'Distancers' category will utilise a number of methods to try to distance themselves from the stereotype of being a 'female' entrepreneur. The data were explored to identify possible patterns that may explain this. One notable pattern was the fact that sector appeared to play a role in the female entrepreneurs who adopted this strategy. Indeed, it was the business services entrepreneurs who were most likely to be in the 'Distancers' category, with Joy, Emma, Laura, Kate, Kelly all operating with this sector.

This poses the question, why is the conceptual category of 'Distancers' predominantly populated by female entrepreneurs in the business services sector? Insight is offered by our understanding of the nature of the business services sector. Here an important point is that these entrepreneurs are selling a service rather than a stand alone product. In fact, these entrepreneurs are providing a consultancy service based upon their business expertise. Thus they are essentially selling their knowledge and potential customers may judge their knowledge, based on their perception of the entrepreneur and their professional reputation. Therefore customers' perceptions of the entrepreneur and their level of expertise are crucial to the success of the business. As such, these entrepreneurs may be particularly focused upon being perceived as credible and possessing the requisite expertise. As a result they may be especially attuned to avoiding any perceptions which may cast doubt on this expertise and this may be why they are particularly keen to distance themselves from any possible negative connotations associated with being a 'female' entrepreneur. This indicates that they may have adopted this strategy to assimilate and

possibly conform to the notion of the 'entrepreneur' which, as discussed in Chapter 3, is traditionally gendered male.

This drive to distance oneself from the stereotype of the 'female entrepreneur' may be intensified by the highly competitive nature of the business services sector. This may further encourage the female entrepreneurs in this sector to distance themselves from any possible negative stereotypes associated with 'female' entrepreneurs. Thus female entrepreneurs who are selling a service, essentially their expertise and where their reputation is particularly important to their business may be particularly likely to adopt the 'Distancer' approach when dealing with their gender.

However, one inconsistency with this conceptualisation, is the presence of Eve, a technology entrepreneur, in the 'Distancers' category. However, there is a possible explanation for this anomaly. As discussed in Chapter 6, Eve is the only female technology entrepreneur who does not possess the title 'Doctor.' Therefore it is possible that as Eve does not benefit from the increased credibility provided by the title 'Doctor' that she has adopted a different strategy to help confer credibility. Thus in a similar manner to her counterparts in the business services sector, Eve has sought to distance herself from the stereotype of the 'female' entrepreneur in order to gain the credibility that she requires in the technology sector. Indeed, the presence of Eve may help to strengthen the theory as it illustrates that other female entrepreneurs may also adopt this strategy if required.

The strategy of these female entrepreneurs adopting the 'Distancer' approach has implications for feminist theory. In essence, they are adopting a new approach to deal with gender relations by seeking to minimise its impact on their experiences. Hence rather than risking encountering discrimination based on gender, as described by the Liberal Feminist theory, these entrepreneurs are adopting a proactive strategy in order to distance themselves from the issue. In doing so, they are re-inventing what it means to be a female entrepreneur and by rejecting the label of 'female' entrepreneur, they are forging ahead and attempting to create a new business identity which is not based upon their gender.

Through their actions, these respondents are seeking to project a gender neutrality, so that they are considered firstly as a business person by others and secondly as female. Therefore they are seeking to relegate the identity of the 'female' entrepreneur but rather than attempting to be considered the same as male entrepreneur, they do not focus on

gender but rather emphasise their status as a ‘business person’ and hence they are aiming for the focus to be upon their business rather than their gender. By focusing on their business, rather than their gender, they are projecting an activity focus rather than an identity focus and encouraging others to consider them in this way. By re-conceptualising the notion of the female entrepreneur and seeking to distance themselves from the role of gender, these entrepreneurs are presenting a new way to deal with the issue of gender.

One further point is that this particular type of female entrepreneur may have been overlooked in previous research because she may have been reluctant to participate in research with a gender focus. Indeed, these female entrepreneurs discussed how they did not attend any women only initiatives and the same logic could lead to them declining to participate in research into gender. Therefore the methodological approach in this research, whereby participants were not informed that the research was interested in gender, may have been crucial in ensuring that these particular female entrepreneurs partook in the research and in doing so, allowed their views to be captured.

However, not all the female entrepreneurs adhered to this conceptual category and through the iterative process of the ‘Constant Comparative Method’ two other conceptual categories also emerged and these will now be discussed in more detail.

#### 7.4.2 Strand Two – ‘Non-Perceptors’

Another group of female entrepreneurs also emerged from the data and these were the ‘Non-Perceptors.’ These female entrepreneurs do not articulate that they perceive their gender to have an impact upon their entrepreneurial experience. Thus they ignore their gender and do not discuss their experiences in the context of their gender and their actions cannot be attributed to their gender. Indeed, Sue, Tess, June, Jenny, Joan, Rachel and Anna did not discuss their experiences in terms of their gender and they may be considered as examples of ‘Non-Perceptors’. Again the researcher sought to understand why these women were in this particular category and why did gender not emerge as an issue for them, when they freely discussed a range of other issues?

To help shed more light on the situation, the entrepreneurs’ background demographics were explored to determine if there was a pattern evident. One notable pattern was that Sue, Tess, June, Joan, Rachel and Anna all operated in the technology sector and held PhDs in science, whilst Jenny a Chartered Accountant, had operated for a number of years

at a very high level in her particular field before engaging in entrepreneurship. Thus these female entrepreneurs were very highly qualified in their respective disciplines. Their particularly high level of qualifications may confer a high level of credibility to the entrepreneur. Indeed, they may be considered by society first and foremost as ‘an expert’ in their field and secondly as ‘female’ and this may minimise the influence of gender on their experience. Consequently, these female entrepreneurs benefit from society’s perception of them and as such, the role and influence of their gender on their experience is relegated. Arguably as a result, these female entrepreneurs may be less likely to perceive their gender as an issue, as they may be insulated from the possible influence of their gender. Therefore they do not enact strategies such as distancing oneself from ones gender, as they are not required to do so.

Moreover, with the exception of Jenny, these female entrepreneurs operated in the technology sector where, by in large, they were involved in producing a product rather than providing a service. Here the reputation of their business may be judged largely on the product they produce and this is in contrast to their counterparts in the business services sector, who in selling a service, are essentially selling their expertise. In these cases the female technology entrepreneurs personally may have been under less scrutiny than their counterparts in the business services sector. This may result in these female entrepreneurs being under less pressure to distance themselves from their gender in order to gain credibility in their field as the success of their business resides in how people judge their product rather than themselves. Consequently, these female entrepreneurs were less likely to perceive their gender as an issue and therefore they did not raise it.

Furthermore, these technology entrepreneurs are operating the type of business that the government is keen to encourage. As discussed in Chapter 2, businesses in the technology sector are considered beneficial to the economy and are believed to be the ‘right’ type of businesses for producing economic growth. When a female entrepreneur has an idea for this type of business, she is encouraged because there is a lack of this type of businesses in Scotland. Indeed, as will be discussed further in Chapter 8, these entrepreneurs received a lot of assistance from government support sources and this was highly beneficial to them. Hence, female entrepreneurs are welcomed and indeed given the diversity requirements built into government support targets, being female may actually be an advantage for the organisation supporting the entrepreneur because it would enable that organisation to help meet their targets for supporting a diverse range of people.

These female entrepreneurs also benefit from their high level of education and qualifications. As a result in the business sphere, they are perceived as ‘experts’ first and foremost before being considered ‘female’ entrepreneurs. Due to the credibility that this confers the role of their gender is diminished. It is upon this reflection of society that they therefore do not perceive their gender to be such an issue. Their status and qualifications minimises the role of gender therefore they are not required to take as many steps to distance themselves from their gender as other female entrepreneurs. This minimised role of gender is further compounded by their sector and the type of businesses that they operate. The technology businesses that they operate and the products they produce can be judged exclusive of the entrepreneur themselves. Thus for these female entrepreneurs their gender is marginalised by society and as such, this is reflected back and this is of less consequence and therefore these female entrepreneurs themselves do not perceive it to be an issue.

#### 7.4.3 Strand Three – ‘Pragmatists’

The final group of female entrepreneurs adopted a more pragmatic stance when dealing with gender issues. For instance, Meg a business services entrepreneur, noted the existence of a mentoring programme aimed at female entrepreneurs, and whilst she had not joined the scheme she was open to the idea and to considering joining if it could assist her business. Thus she adopted a ‘Pragmatic’ approach to her gender, availing of support if it could prove beneficial. The other aspect of the ‘Pragmatic’ approach emerged from the female entrepreneurs who took steps to manage the possible negative effects of gender discrimination.

Whilst gender discrimination did not emerge as a major issue in the research, Helen and Sarah noted gender issues and adopted a pragmatic stance towards tackling them. Hence, these ‘Pragmatists’ do perceive that their gender has an impact upon their role as entrepreneurs and consequently they employ a range of strategies to manage its impact. Two types of pragmatic steps were taken to circumvent the obstacles related to gender. Moreover, these female entrepreneurs have proved very adept at utilising coping strategies to circumvent the problem. These coping strategies can be divided into two categories:

1. Send a male colleague
2. Become a ‘tougher’ person

1. Sending a male colleague was the coping strategy invoked by Helen when she encountered discrimination in the networking group. She left the group and she has now rejoined the group under her company name:-

*'We've recently joined again as [Company Name] rather than as myself and Rob goes along to that and I've been along to one of the meetings and it's even though this is like five years, seven years hence now it's still a big boys club.'*

Helen, Business Services Entrepreneur

However, this strategy does not resolve the root of the problem and not all female entrepreneurs are in the position to be able to do this. Hence, Helen was a pragmatist when upon encountering gender isolation in an all male networking group and consequently feeling uncomfortable in a group that she perceived as a 'big boys club' she took steps to manage this issue in the best interests of her business. Thus Helen adopted the pragmatic strategy of sending a male colleague to attend the male dominated networking group although she was keen to point out that he was sent because it was in his remit rather than due to his gender. Nonetheless, Helen no longer had to feel isolated in the group and her business was still able to derive the possible benefits from membership of the networking group. This is an example of a pragmatic approach towards the issues raised by gender.

2. Attempting to become a 'tougher' person was the strategy adopted by Sarah, who in a previous entrepreneurial venture had a male business partner, however she launched her more recent venture as a solo entrepreneur and found that it was necessary to become a stronger character:-

*'I had found that with having this other partner who was so different from me it worked so well because I could go and bring in the customers and he could look after the money and argue with the bank manager and be really tough with all these folk. So it wasn't necessary for me to be like that but then when I was on my own doing it all myself it was necessary for me to be a bit more like that.'*

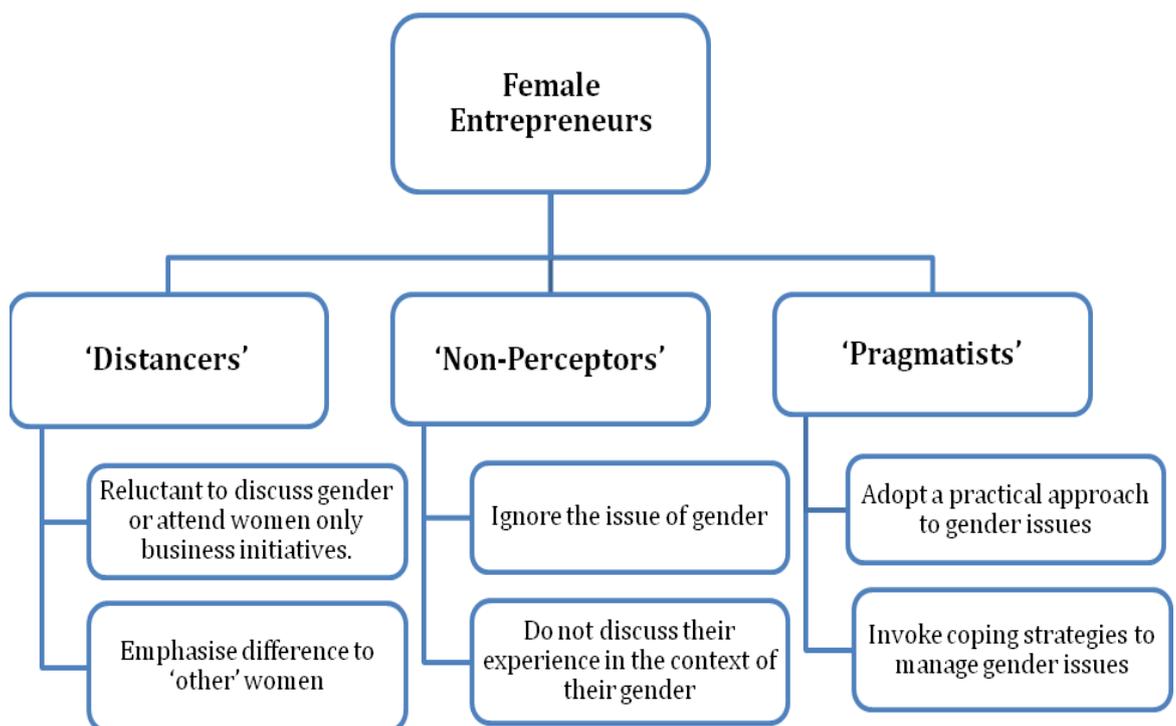
Sarah, Business Services Entrepreneur

As a result, Sarah's strategy was to become a tougher person to ensure favourable business negotiations. However, this strategy reinforces the concept that entrepreneurship is gendered as a male activity (Nilsson, 1997) and that to participate female entrepreneurs must adopt more stereotypically male modes of operating. As Hurley (1999) laments '*our theories should not be built on trying to make women become like men*' (p60). However, due to the isolated instances of discrimination described by the female entrepreneurs in the sample, the pragmatic approach was the least utilised mode of operating amongst the female entrepreneurs.

Moreover, when considering the three strands of the typology, the role of co-ownership in entrepreneurial teams did not dictate which category the female entrepreneur adhered to, with one of each of the three female entrepreneurs from a mixed gender team in each of the three strands. Thus it appears that in this albeit very limited sample, having a male business partner did not determine the female entrepreneurs' attitude towards their gender. Whether the entrepreneur was a novice, serial or portfolio entrepreneur also did not determine the category that they belonged to. Again this demonstrates the limitations of entrepreneurial labels in describing the entrepreneurs' experiences.

In summary a three strand typology emerged into which the female entrepreneurs' attitudes and actions towards their gender could be clearly grouped. The three strands are represented in Figure 7.1 below:

Figure 7.1 Three Strand Typology of the Female Entrepreneurs' Attitudes towards Gender



Source: Author

The emergence of three different groups of female entrepreneurs, regarding their attitudes towards gender and subsequently how they deal with gender issues, has implications for Feminist Theory and in particular, the tenets of Liberal and Social Feminism. The female

entrepreneurs in this research have varying attitudes towards gender and have developed different strategies to deal with the impact of gender on their experience of entrepreneurship. Moreover, these strategies vary depending on the female entrepreneurs' own particular circumstances, specifically their background and sector of operation.

The experiences of these female entrepreneurs emphasises the limitations of the explanatory power of the two feminist theories. Whilst the Liberal and Socialist Feminist theories are useful in helping to ascertain and understand the situation between male and female entrepreneurs, these two theories do not extend to explaining the differences *between* female entrepreneurs. Thus the two feminist theories are of limited use as they do not help to account for the intra-gender differences between the female entrepreneurs. However, by developing this typology and considering the differences between the female entrepreneurs new light is shed on the situation and the greater understanding provided can help to untangle the findings. Of particular note is the very different strategies between the women due to their sector and educational background, this is something that is overlooked in current research and more credence should be given to its impact.

As discussed in Chapter 3, research into female entrepreneurship has been criticised for failing to engage in theory building (Stevenson, 1986; Brush, 1992; Read, 1998; Carter *et al.*, 2001). By presenting a new framework, this typology may act as a useful tool for future research. Moreover analysing data, cognisant of the heterogeneity of female entrepreneurs, may also help untangle the contradictions in the current literature. Currently the body of research is composed of disparate findings with no broad agreement as to whether female entrepreneurs encounter discrimination or not, or are inherently different from male entrepreneurs due to socialisation. By prompting more reflection on the different groups of female entrepreneurs, this picture may become clearer, as the differences between the female entrepreneurs' perceptions and experiences emerge.

The strength of this typology is that it offers a framework to provide further insight into the attitudes and subsequent strategies employed by female entrepreneurs. Moreover, the robustness of the framework is indicated by its ability to accommodate the female entrepreneurs' different perspectives. As such, this typology reflects the intra-gender differences that are present within the sample of female entrepreneurs and helps to further understand and explain these differences. In short, the female entrepreneurs are not a homogenous group but rather all opt to deal with the issue of their gender in a different way.

Therefore this typology of female entrepreneurs builds on the existing theories by considering the heterogeneity of female entrepreneurs and their attempts to manage the influence of their gender. This framework makes an original contribution by offering a lens through which the heterogeneity of female entrepreneurs can be explored further. Moreover, by identifying different attitudes and drawing attention to their existence, this thesis is contributing to the gender debate by highlighting new ways of how women are dealing with the issue of gender and how they enact entrepreneurship.

#### 7.4.4 Considering the Impact on Male Entrepreneurs

Gender includes men as well as women, and it is important to consider any possible strategies adopted by male entrepreneurs to manage the influence of their gender. With the exception of one male entrepreneur in the pilot study, the findings of this research indicate that the male entrepreneurs do not consider their gender or articulate their experiences in the context of their gender.

It is interesting to consider if the typology developed can be applied to male entrepreneurs. In this research, the findings indicate that the male entrepreneurs can be included in the 'Non-Perceptors' category of the typology as they ignore their gender. Thus they do not perceive it as an issue and do not raise it as they do not attribute significance to it. The findings of this research offer further support to the idea that men are the standard for entrepreneurship with male-centred business as the normal mode of business (Baker *et al.*, 1997). Consequently the male entrepreneurs do not discuss their experiences in the context of their gender, as their gender is not an issue but rather it represents the normal mode of operating.

#### 7.5 Limitations of the Research

Whilst there has been a wide range of research undertaken into female entrepreneurship as discussed in Chapter 4, the findings remain divided regarding the role of gender in women's entrepreneurial experiences and possible explanations therein. Hence exploratory research is useful because its strength is in investigating little understood phenomena and helping to identify important variables and hypotheses for further research (Marshall and Rossman, 1995). Thus this research is exploratory in nature, enabling findings of how female entrepreneurs deal with the issues of gender to emerge and a typology to explain the findings to be developed. However, one limitation of this

exploratory research is that it is based upon a limited sample of female entrepreneurs in two sectors in Scotland. Given the heterogeneity of female entrepreneurs as discussed in Chapter 3, Section 3, the typology may not explain all female entrepreneurs' experiences in all circumstances. Therefore the typology is presented with the caveat that it is based upon exploratory research conducted in two specific sectors and it may not apply to all female entrepreneurs in all situations. Nevertheless, the typology represents a useful starting point from which further research can build upon the findings.

A further caveat is that the female entrepreneurs in this research are continuing entrepreneurs and therefore the three strands of the typology all represent strategies that these entrepreneurs have employed which may contribute to their business continuity. However, as discussed in Chapter 5, Section 7, this incurs a '*survivorship bias*' (Cassar, 2004, p265) whereby only the continuing female entrepreneurs and their strategies are reported, whilst the female entrepreneurs whose firms have not survived are excluded. As such, it would be interesting in future research to examine if unsuccessful female entrepreneurs adopt the same strategies and or if they managed the possible influence of their gender in a different way. Further research into this area could be prove fruitful particularly, if conducted into the perceptions of continuing and failed female entrepreneurs to explore if the role attached to gender varies due to the relative level of success that the entrepreneur has obtained.

The major finding from the research is that the female entrepreneurs do not raise the issue of gender when describing their entrepreneurial experience. The methodology of this research aimed to ensure that the respondents were not led to frame their responses in the context of their gender but rather to discuss what was important to them and as such the role of gender has emerged as limited. Therefore the finding is that the female entrepreneurs do not articulate their experiences in the context of their gender although there may be evidence to suggest some female entrepreneurs are subconsciously distancing themselves from the gender debate. Nonetheless, it is interesting to continue to explore the female entrepreneurs' experiences in comparison with the male entrepreneurs in order to decipher if there are any apparent differences that may be attributed to their gender that they haven't articulated themselves. To summarise the findings, the key themes that the entrepreneurs articulated are illustrated in Figure 7.2 overleaf:

Figure 7.2 Key Themes Articulated by the Entrepreneurs Regarding the Impact of their Gender

<b>Key Themes</b>	<b>Implications</b>
The male entrepreneurs do not articulate their experiences in terms of their gender.	Support for the concept that entrepreneurship is gendered male and thus men do not consider the impact of their gender as it is the normal mode of operation.
The impact of era on female entrepreneurs' entrepreneurial experiences. Female entrepreneurs who operated businesses in previous eras, identified gender as a more significant issue than female entrepreneurs who had operated only in the current era.	Considering the era in which the female entrepreneur operated their business, may help to untangle the contradictions in the literature and help explain the varying findings regarding female entrepreneurs' experiences of entrepreneurship.
Female entrepreneurs are a heterogeneous group and those who are aiming for high growth are not catered for by Women Only Initiatives.	Women Only Networking and Funding Initiatives have limited benefit for female entrepreneurs with high growth aspirations. Separate initiatives designed to meet their demands may be more beneficial.
Limited explanatory power of Liberal and Social Feminism.	New theoretical lenses are required to provide a more comprehensive explanation for the findings.
A new Three Strand Typology has been developed to help explain how female entrepreneurs adopt different strategies to deal with the issue of gender. This typology aims to help increase understanding of the findings.	The three strands of the typology are: <ul style="list-style-type: none"> <li>• Distancers;</li> <li>• Non-Perceptors;</li> <li>• Pragmatists.</li> </ul>
Whilst the typology presents a useful framework to further understand how female entrepreneurs deal with the issue of gender, it is based upon exploratory research of a limited sample of entrepreneurs.	Given the heterogeneity of female entrepreneurs it is acknowledged that the typology may not explain the experiences of female entrepreneurs in all contexts.

In addition, to exploring the entrepreneurs' own articulated perceptions, this research will also continue to analyse the data along gender lines to unpack and explore the data to further to detect if there are any other differences or similarities between the male and female entrepreneurs. The entrepreneurs experiences of achieving a work-life balance will now be examined.

## **7.6 Entrepreneurship and the Work-Life Balance**

*'Since the rise of industrialisation, the social organization of moral responsibility has expected women to seek personal development by caring for others and men to care for others by sharing the rewards of independent achievement'* (Gerson, 2002, p8).

Consequently research into female entrepreneurship is often concerned with how female entrepreneurs reconcile their traditional caring role with their non-traditional role as entrepreneurs. Research into this issue tends to examine how female entrepreneurs achieve a satisfactory work-life balance and the possible impact that caring and domestic responsibilities have upon their business. Whilst this balance was not the main focus of the research, this section will consider the data regarding the entrepreneurs' work-life balance to help present a more complete picture of the entrepreneurs and the context in which they operate their businesses.

Hence this section will consider the background of the entrepreneurs and how they balance their work and home life responsibilities, to provide further insight into their entrepreneurial experience and explore if there are any gender differences present. The possible areas that impact upon their work-life balance, such as the amount of time that the entrepreneurs dedicate to their business, their caring responsibilities and their work-life priorities will be examined. Coping strategies that the entrepreneurs invoke to manage these issues will also be discussed.

## **7.7 Entrepreneurial Time Commitments**

The concept of work-life balance is essentially concerned with the division of time and energy between work and non-work activities. In an attempt to achieve a satisfactory balance female entrepreneurs may operate their business on a part-time basis. For instance, in Scotland previous research has found that 50% of women led businesses operated part-time (Scottish Enterprise, 2005). In contrast, the female entrepreneurs in this research are atypical as all their businesses operate on a full time basis<sup>1</sup>. Similarly all

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<sup>1</sup> One female entrepreneur operated her business on a part-time basis whilst she completed her professional education however the business now operates on a full time basis.

the male entrepreneurs' businesses, with the exception of one<sup>2</sup>, operate on a full time basis. Therefore as the businesses are full time enterprises, it is interesting to consider the themes that emerge regarding if, and how, the entrepreneurs achieve a satisfactory work-life balance.

The demanding nature of entrepreneurship was emphasised when the recurring theme emerged that entrepreneurship was time consuming for both the male and female entrepreneurs in both the technology and business services sectors. This issue was exemplified in the following quotes regarding the entrepreneurs weekly working hours:-

*'Seventy. According to my fifteen year old son what do you mean people work 35 hours a week you must work seventy!'*

Jenny, Business Services Entrepreneur

*'Probably about 60 hours... it's come down to that.'*

Ross, Technology Entrepreneur

Indeed, the time consuming nature of entrepreneurship was emphasised by Roy who described working as many hours 'as it needs' and Meg who highlighted that 'you're never really off duty, even when you're sat at home of an evening you're still thinking about things'. Sarah and Sue were the exception to the entrepreneurs working hours, as whilst they were still involved in their respective businesses, they had reduced their hours for transition into retirement.

The entrepreneurs also gave examples of being unable to take time off due to their business commitments. For instance, Rachel had been in a serious accident but she was unable to take leave to recuperate, as she described:-

*'I want to be doing this because I can see that its got every chance of being successful and taking your foot off the accelerator pedal for a week isn't going to help, so life is somewhat different than being employed in a more standard way.'*

Rachel, Technology Entrepreneur

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<sup>2</sup> One male entrepreneur operates two businesses on a part-time basis and is also involved in two other start-up businesses.

Whilst Brian lamented sacrificing holiday time:-

*'I'd like to have the freedom to work forty hours a week for example, or take my full holiday allowance, never in my life have I taken twenty or whatever it is days off.'*

Brian, Technology Entrepreneur

Therefore the research found that engaging in entrepreneurship is time consuming and this supports previous research findings that entrepreneurs work long hours (Belcourt, 1991; Chell and Baines, 1998; Williams, 1999). Moreover, previous research indicates that working longer hours makes it more difficult to achieve a successful work-life balance (Bond, 2004). As such, it is interesting to consider if this is also an issue for the entrepreneurs.

### **7.8 Work-Life Balance of the Entrepreneurs**

One caveat is that as the research did not openly focus on gender and by association gender roles, in order to adhere to this premise, it was difficult for the researcher to probe too deeply for further information regarding the entrepreneurs' home lives. Some of the male entrepreneurs, in particular, appeared reluctant to discuss their home lives, answering curtly making it difficult for the researcher to probe for further information. In contrast, many of the female entrepreneurs discussed their home lives as part of their entrepreneurial narrative, revealing more about their lives in general to the researcher. This in itself was an interesting point and suggests that there was a gender difference in how men and women compartmentalise and discuss their lives and relate to the researcher. To help this situation as the research progressed, an additional question was added to attempt to discover more about the male entrepreneurs' home lives to gain a more complete understanding of their work life balance. Nevertheless, these tentative findings raise salient issues and are included to help provide an insight into the situation.

As illustrated in Figure 7.3 overleaf, the majority of the entrepreneurs have spouses and a number have dependents.

**Figure 7.3 The Entrepreneurs' Marital Status and Dependents**

	Married	Co-habiting	Separated	Single	Dependents
Male Entrepreneurs	13	-	1	2	11
Female Entrepreneurs	7	3	-	6	6 <sup>1</sup>

<sup>1</sup>In addition, a further two female entrepreneurs indicated that their children were now adults.

As Fairlie and Robb (2009) highlight these findings are difficult to interpret due to the different lifestyle choices that are associated with marriage. For instance, it may be the case that because some of the female entrepreneurs are relatively young perhaps they haven't decided to marry yet. Nonetheless, in order to learn more about the entrepreneurs' work-life balance the themes emerging from the entrepreneurs' narratives will now be explored.

### **7.9 Insight into the Entrepreneurs' Work-Life Balance**

Entrepreneurship emerged as time consuming, causing some entrepreneurs difficulty in achieving a satisfactory work-life balance. The problematic nature of balancing work and home is illustrated in the following quotes:-

*'I do feel tired, I feel we've had a lot of work...a lot, we've done some really cool things and seen lots of great countries...but you are spending time away from home and I've got young children so that's not ideal and I do feel guilty about that.'*

Brian, Technology Entrepreneur

*'Because my poor old husband is getting desperate, I mean he's seventy-five, he feels that I should retire and just become a nice little wifey at home...So there you go you see he just wants to be looked after and I'm ignoring him.'*

Eve, Technology Entrepreneur

This provides some support for Winn's (2004) finding that for entrepreneurs the difficulties of balancing their businesses with their families could not be over-emphasised and that this is an issue for male as well as female entrepreneurs.

Although the data gathered on this topic was limited, upon analysis it became apparent that the entrepreneurs invoked a number of coping strategies to help achieve a work-life balance. Moreover, examples were provided of both male and female entrepreneurs described coping strategies to help balance their work and home lives. The three different strategies that emerged were limit the number of hours worked; utilise the flexibility that

entrepreneurship confers and allow spouse to assume responsibility for child care. The entrepreneurs' descriptions of these coping strategies will now be discussed.

### 7.9.1 Manage Their Working Hours Closely

One strategy the entrepreneurs invoked was managing their working hours closely to prevent working excessive hours and therefore ensure a satisfactory work-life balance.

Terry exemplifies this strategy in the following quote:-

*'In the context of the first ten years of being in business I was family free so [I] could work seventy hour weeks. Now it would be a huge challenge to do that and I couldn't work seventy hours a week, I would want a work life balance ... I've probably got the balance not perfect but as near perfect as you can get, forty odd hours a week being able to be home at six o'clock at the latest most nights so no complaints really, different story ten years ago.'*

Terry, Business Services Entrepreneur

Similarly Joe also sought to ensure that he didn't work excessive overtime, as he emphasised:-

*'I'm not a workaholic, I've got a very clear line of how much time and energy I put into the business and how much time and energy I put into family life...unless there is a damn good reason I'm home at six...no overtime unless it is really needed.'*

Joe, Technology Entrepreneur

Hence these male entrepreneurs describe limiting their working hours to ensure that they did not work excessive overtime which would impinge on family life. Whilst female entrepreneurs also aimed to limit their working hours, in some cases they adopted a more stringent approach to curtail their working hours and achieve a satisfactory work-life balance, as Anna described:-

*'I actually changed the management structure so I stepped back from the day to day running of the business and brought on board a CEO ... and I have tried to work less hours and that's actually been a choice that I have made because I wanted to have more of a life work balance.'*

Anna, Technology Entrepreneur

However, this strategy tends to be only available to entrepreneurs who have built their business up to a certain size, as Emma highlighted:-

*'I've got a good work life balance now, I call the shots, I leave at three to pick up my oldest children, I've never missed anything for school ... but that's only because the business is now ten years old and we've got staff, its working for me now brilliantly but I would say its taken eight years to get there.'*

Emma, Business Services Entrepreneur

These examples demonstrate that although both male and female entrepreneurs describe limiting the number of hours that they work, female entrepreneurs may be more proactive in limiting their working hours and take more steps to do so. However, the data here is limited and further research is required to explore this area further.

### 7.9.2 Utilise the Flexibility that Entrepreneurship Confers

Despite the time consuming nature of entrepreneurship, it does provide more flexibility over time management as the entrepreneur is not tied to working standard office hours. This proved to be an advantage to both male and female entrepreneurs. Here, although they worked a high number of hours, the increased flexibility that entrepreneurship offered compared favourably to their previous paid employment, as Connor and Jenny discussed:-

*'One of the reasons I left the corporate world and went into self-employment and consulting was because of my kids... I brought up my kids on my own for a long [time] ten years and I wouldn't have been able to do that if I'd been in a corporate job, nine to five. So people who do have kids and need to be around for them it is a good advantage, its [a] good thing to do, you can get on with the job, but you can have more flexibility.'*

Connor, Technology Entrepreneur

*'It is very hard juggling a business and primary responsibility for a family...but it is easier than taking a job.'*

Jenny, Business Services Entrepreneur

Hence for these entrepreneurs, entry into entrepreneurship provides them with increased flexibility and control over their working lives and this is a welcome development. Previous research reports that the pressures and demands of work have been intensifying in recent decades (Guest, 2002). Therefore engaging in entrepreneurship proved beneficial and offered the entrepreneur more control over their working life.

Prior research such as DeMartino and Barbato (2003); Mattis (2004) and Walker and Webster (2007) reported that women may become entrepreneurs in order to gain more flexibility in their working lives. However, it may be the case that it is not just women who enter entrepreneurship to gain increased flexibility; men may also become entrepreneurs for this reason. Indeed, this may reflect Dambrin and Lambert's (2008) finding that men increasingly wish to invest more in their personal lives and become more involved in fatherhood.

### 7.9.3 Spouse Assumes Responsibility for Childcare

The third coping strategy identified was the support of the entrepreneurs' spouses in providing childcare. Again this approach was cited by both male and female entrepreneurs and is exemplified in Ian's quote regarding his wife's role when he started his business:-

*'I had three young kids when I went out on my own... and youngest was two at that point but my wife gave up work actually to stay at home with the kids.'*

Ian, Business Services Entrepreneur

Similarly Ken's wife also assumed responsibility for childcare, however, he also emphasised the flexibility that entrepreneurship provided to become more involved in activities such as the Parent Teacher Association, which he was unable to do during his previous employment.

Female entrepreneurs also described the assistance that their spouse provided with childcare as Rachel noted:-

*'[My husband] picks up the bulk of the childcare workload...So he's the stability as far as the children are concerned as well; it's me that dashes around the countryside.'*

Rachel, Technology Entrepreneur

Similarly in her earlier business, when her children were young, Sarah also adopted the same approach as she described:-

*'So I was able to do all this sort of prancing about, doing seminars all over the country...it worked out the best for everybody.'*

Sarah, Technology Entrepreneur

It is notable that this strategy was also adopted by female entrepreneurs, as this is contrary to the traditional view that the woman takes time out of employment to become the principal carer for the children (Paull and Taylor, 2002). Consequently this coping strategy illustrates that the situation is evolving with instances of role reversal whereby the female entrepreneurs' spouses assume traditionally female supporting roles in the family. Here the issue of the 'dual burden' whereby female entrepreneurs still assume the bulk of the caring responsibilities in addition to their work (Gershuny, 1992) may be changing as in some cases their spouses take on the caring responsibility freeing the female entrepreneur from the 'dual burden' and allowing them to dedicate more time to their business.

This research highlights the time consuming nature of entrepreneurship and provides evidence to suggest that different entrepreneurs enact different coping strategies to help them achieve a satisfactory work-life balance. The variety of strategies enacted illustrates the heterogeneity of the entrepreneurs with examples of both the male and female entrepreneurs enacting strategies that are contrary to their traditional gender roles. For instance, female entrepreneurs may opt to manage their working hours, or rely upon their spouses to assume responsibility for childcare. Similarly male entrepreneurs may enter entrepreneurship due to the increased flexibility that it confers or they rely upon their spouse to deal with the caring aspects. Therefore each entrepreneur enacts the strategy that most closely suits their personal situation. Evidently balancing work and non-work life is an issue for both the male and female entrepreneurs as they deal with the time consuming nature of entrepreneurship.

A critique of previous research in the field is that it tends to treat men and women as homogenous groups, focusing on the differences between them at the expense of the similarities (Hill *et al.*, 2006) and ignoring any overlaps (Ahl, 2006). For example, Shelton (2006) reported that managing work and family life was a challenge for female entrepreneurs however this research did not consider the experiences of male entrepreneurs. In contrast, whilst the female entrepreneurs may be willing to discuss their work-life balance in more depth, there are indications that the male entrepreneurs may also struggle to achieve a satisfactory work-life balance. This suggests that Gerson's (2002) idea that *'At the outset of the twenty-first century women and men face rising conflicts over how to resolve the basic tensions between family and work, public and private, autonomy and commitment. They are searching for new strategies for reconciling an "independent self" with commitment to others'* (p8-9) may indeed be relevant to the entrepreneurs in this study.

### **7.10 The Biological Bind**

One further issue arose in the research and is an example of an area where a coping strategy is difficult to devise. Laura provided an eloquent description of this problem:-

*'So no matter how much we can say we're all equal and everything else and I've got a very supportive partner that will do much more of the stay at home and look after the kids bit ... [but] if you start up a business and then you grow it, you are constantly then thinking, could I have a child now? Do I have enough people here who could run it? Could I take three months out of the business? Right now I can't take a weekend off, so running a business after you start it then creates barriers in your personal life which you have to then live with ...and that is one of the downsides I suppose about being female.'*

Laura, Business Services Entrepreneur

This suggests that one area within the work-life balance where the female entrepreneurs are disadvantaged is the time constraints of entrepreneurship and the lack of time available for maternity leave. Maternity leave requires the entrepreneur to be away from the business for an extended period of time and this may be problematic. This problem could be termed the 'biological bind' of being female, as the female entrepreneur is required to take more time away from her business if she wishes to start a family than her male counterparts. Essentially, although in the main, female entrepreneurs may be able to implement coping strategies to manage their home and work life, the 'biological bind' of being female and the time consuming nature of maternity leave, continues to present a difficulty.

### **7.11 Considering the Findings through the Theoretical Lens**

Thus the findings of this research indicate that whilst balancing work and home life remains an issue for the female entrepreneurs, it is not solely a female issue, and the male entrepreneurs are also enacting coping strategies to achieve a balance in their lives. Considering these findings through the theoretical lenses of Liberal and Social Feminism produces interesting insights.

The concept underpinning the Social Feminist theory is that due to ongoing socialisation men and women are inherently different and thus develop different traits (Fischer *et al.*, 1993). However, this research illustrates that there has been a possible shift in the socialisation process regarding work and home life. This shift has resulted in this becoming a pertinent issue for men and women, rather than just women, as has traditionally been the case. Thus the traditional gender roles are no longer as rigidly adhered to and consequently the socialisation of men and women has changed and their expectations and experiences are moving closer together. Perhaps the male and female entrepreneurs are acting more similarly due to the breakdown in these rigid gender patterns and the change in gender roles. Consequently, it is interesting to consider how this will

continue, as society continues to change and typical work patterns and expectations continue to become less delineated by gender.

Reflecting upon this idea prompts consideration of the concept that underpins Liberal Feminism. At its core the Liberal Feminist theory proposes that men and women are essentially the same and in the same environment and with the same opportunities they will act similarly (Unger and Crawford, 1996). Therefore viewing the situation through the lens of Liberal Feminism may help to explain the results. In this particular instance, the entrepreneurs are all attempting to manage time consuming entities, thus they all face the same challenge. As such, it is not surprising then that they act in a similar fashion choosing to instigate whichever coping strategies they can access. Thus the picture emerges where both male and female entrepreneurs enlist the support of their spouse to deal with childcare or utilise the flexibility that entrepreneurship confers or limit the number of hours that they work. However, whilst the two genders can be seen to be moving closer together in this respect, it is important not to overstate the case and acknowledge that whilst this shift is occurring it is still the female entrepreneurs who may have to enact more stringent measures to balance their work and home lives. Therefore this trend is emerging and it will be interesting to see if this continues in the future. A summary of the findings are illustrated in Figure 7.4 overleaf:

Figure 7.4 Summary of the Findings from the Entrepreneurs' Work-Life Balance

<b>Key Themes</b>	<b>Implications</b>
Entrepreneurship is time consuming.	Entrepreneurs may struggle to balance their work lives.
Entrepreneurs enact coping strategies to achieve a work-life balance.	Both male and female entrepreneurs employ three different coping strategies these are:- <ul style="list-style-type: none"> <li>• limit the number of hours worked;</li> <li>• utilise flexibility;</li> <li>• enlist spouse for caring duties.</li> </ul>
Balancing work and home life remains an issue for female entrepreneurs.	Caution must be exercised with regards to government schemes that encourage women to enter entrepreneurship as a form of work that allows them to balance their work and home lives.
However, balancing work and home life is not solely a female issue and also has an impact on the male entrepreneurs.	The impact on male entrepreneurs is often overlooked.
Female entrepreneurs encounter the 'Biological Bind'.	This is one area where women remain particularly disadvantaged.
A caveat of this research is that it is exploratory in nature and based upon a limited sample.	Given the exploratory nature of the research the findings may not apply to entrepreneurs in all contexts.

These findings raise an interesting area for future research as combining work and family life emerges as an issue for men as well as women. Given the exploratory nature of this research and the limited sample of entrepreneurs, further research to build upon these findings is required. However, in beginning to explore this issue, this research has contributed towards moving beyond viewing the work-life balance as solely an issue for female entrepreneurs.

## CHAPTER 8

### THE ENTREPRENEURIAL PROCESS

#### **8.1 Introduction**

The aim of this chapter is to analyse the entrepreneurs' lived experiences in order to understand the possible impact of their gender on the entrepreneurial process and to ascertain if their experiences differ upon the basis of gender. In doing so, the chapter seeks to answer the key research question, are there differences between the entrepreneurial process for male and female entrepreneurs and if so, which theoretical lens offers the best explanation for this? To provide a comprehensive exploration of the entrepreneurial process the following aspects will be examined: the respondents' motivation for engaging in entrepreneurship; the support they received in the process; their relative possession of the necessary human, social and financial capital and the obstacles they encountered. Furthermore, by employing the theoretical lenses of Liberal Feminism, Social Feminism and the Theory of Effectuation, possible explanations for the entrepreneurs' experiences can be proffered. The nascent entrepreneur must be motivated to start their business, so the chapter will begin by considering the entrepreneurs' motivations to understand if there were any gender differences present.

#### **8.2 The Entrepreneurs' Motivation**

In the literature reviewed in Chapter 4, Section 3, it became apparent that motivation has an important role to play in entrepreneurship, determining if the entrepreneur starts their business and the direction that it takes. Indeed, the motivating factors in the literature are often divided into push and pull factors, whereby entrepreneurs are either pushed into entrepreneurship due to a lack of opportunities in employment or alternatively they are said to be pulled into entrepreneurship due to the opportunities available there. Whilst this is the basic dichotomy utilised to discuss entrepreneurial motivation, there is a lack of agreement in the literature upon the impact of the entrepreneur's gender on their motivation.

The common thread in this research was that upon analysing the entrepreneurs' narratives, multiple perspectives became apparent, with the entrepreneurs' motivations closely intertwined and interwoven. As such, categorising the entrepreneurs' motivations simply

as push or pull factors appeared to be too broad a generalisation to best explain the findings because within each broad category various motivating factors were identified. Therefore whilst the overarching push and pull categories will be invoked to broadly define the motivations, further exploration of the actual types of each motivation will be included to produce a more fine grained and insightful analysis. Hence this section will explore the entrepreneurs' driving motivation for starting their business and seeks to include the entrepreneurs' voices.

### 8.2.1 The Push Factor: Disillusionment with Previous Employment

While the broad push factor can be considered as the entrepreneurs' dissatisfaction with their previous employment, there were in fact a number of different reasons for this disillusionment. Three different factors emerged which pushed the respondents into entrepreneurship. These were the constraints of paid employment, the problems of organisational politics and the dissatisfaction with employment terms. These various forms of disillusionment will now be discussed in more detail.

### 8.2.2 The Constraints of Paid Employment

One pattern that emerged was the entrepreneurs' disillusionment with their previous paid employment. Here the entrepreneurs felt stifled by their employers and frustrated with the status quo and procedures in place and this resulted in their dissatisfaction with their employment. For instance, Ian was disillusioned with his previous employment due to his frustration with the increasing dominance of the head office over his regional office, as he described:-

*'I mean I was running an office with 26 people with a turnover in the millions and if I employed you to come and work for me I had to phone an accountant in London to get permission to buy you a £100 desk so you could sit behind it...that kind of control really hacked me off and I got increasingly fed up with it.'*

Ian, Business Services Entrepreneur

Hence, for Ian, the control exerted by his previous employer over decision making led to his discontent with his employment. Similarly, control was also an issue for Meg, who in a previous job abroad enjoyed a lot of independence and upon returning to Scotland found it difficult to adjust to being monitored more closely:-

*'I did find it quite difficult when I came back and worked for a company that had to double check everything, which I can understand because it's someone else's budget but I did take quite a bit of a shock with that and I think that when you are used to being quite autonomous I think that there are only a few structures that you could fit into so [entrepreneurship] was very much a natural step.'*

Meg, Business Services Entrepreneur

The extent of control exerted by their employers, led to their disillusionment with their employment and created a desire for autonomy and this pushed them to engage in entrepreneurship in order to gain more control over their working lives. As Ken emphasised in his narrative *'it's really so that I could determine exactly the course that I wanted to follow and have that'*. Notably this desire for autonomy was coupled with the entrepreneurs' confidence and belief in their own abilities. Indeed, the entrepreneurs felt constrained in their previous employment and some were frank in their assessment of their previous employers. Thus their motivation was underpinned by their belief in their own abilities, as they described:-

*'I was sick of working for idiots and I had a great career but ...I kept being told stop rocking the boat ...and I think that I'm just kind of hard wired as somebody who looks at something and says we are going to do that better and with big organisations they tend to prefer to move slower.'*

Ross, Technology Entrepreneur

*'[I] knew I could do it a lot better without the constraints of a large corporate company...and not really having the freedom to do what I wanted or what I knew was the best thing to do ...nobody knew [the City] like we did because we were the ones living and breathing it...so it was just so frustrating because I knew I could just do so much more and I had no respect for my boss either.'*

Emma, Business Services Entrepreneur

As a result, these entrepreneurs felt stifled within their paid employment and their frustration with their lack of autonomy was coupled with a belief in their own ability. Thus becoming their own boss offered a mechanism to escape from the constraints of their paid employment and demonstrate their own ability. Moreover, this motivation drove both male and female entrepreneurs, indicating that this was an issue regardless of the entrepreneurs' gender. Consequently, entrepreneurship for these respondents is a positive step and gaining their autonomy is a method of demonstrating their ability. Indeed, the entrepreneurs are very confident in their own abilities and are searching for a better way of using their own abilities and this leads them to participate in entrepreneurship as a vehicle for their own talents.

### 8.2.3 Organisational Politics

An alternative push factor also emerged whereby the entrepreneurs were dissatisfied with their paid employment due to the organisational politics involved. In this case, their disgruntlement with organisational politics prompted them to consider entrepreneurship. Here both Mark and Anna described these issues and their motivation:-

*'I was actually becoming quite disillusioned with the attitudes of the people that I was working with...we had always had a very arrogant market facing marketing type of approach but that arrogance seemed to be turning inwards and we were arrogant with one and another and I was fed up with that, very disillusioned and I just wanted to leave. So I took a voluntary redundancy package.'*

Mark, Business Services Entrepreneur

*'A desire to not work in an environment where there were politics, actually a desire to just make sensible decisions myself without playing games or worried about what the decision would mean for my career so.'*

Anna, Technology Entrepreneur

As such, Mark and Anna are examples of the entrepreneurs who were disaffected with their employment and resented their work environment. In these cases entrepreneurship offers a means of escape and provides mechanism of avoiding organisational politics. Hence these respondents wished to be free from organisational politics and entrepreneurship offers a means to realise this ambition.

### 8.2.4 Lack of Control of Employment Terms

The third push factor that emerged was the entrepreneurs' disillusionment with their employment terms and their quest for more control over this. This was demonstrated in their discussion where for instance, June was disillusioned with the temporary nature of the employment contracts offered in her sector and had moved location frequently due to the shifting nature of her employment. As such, she was motivated to start her own business to gain more stable employment:-

*'The fact that I was on short term university contracts and I don't know, in academia it's difficult now, I guess to actually get a tenured position.'*

June, Technology Entrepreneur

Similarly Tim's contract abroad had ended and upon return to Scotland he was unable to find satisfactory employment terms:-

*'When that particular contract came to an end we moved back to [City] and there were no contracts that really kind of grabbed my imagination at that point...so it seemed it was a good time.'*

Tim, Business Services Entrepreneur

So for these entrepreneurs launching their own business was a means of creating and securing satisfactory employment terms. The problem of unsatisfactory employment terms was also manifested in more severe terms such as unexpected redundancy, which led to Tom seeking more control over his working life:-

*'I think I was ready at the age of 34 not to be in a position where somebody for reasons that were out with my control could fire me, I don't think I'll ever be back in that situation again...I just didn't fancy being a victim again if I could possibly avoid it.'*

Tom, Business Services Entrepreneur

Thus disillusionment with their previous employment terms was a common push factor amongst the entrepreneurs. However, the reasons for this disillusionment vary from entrepreneur to entrepreneur, due to their own experiences, expectations and wishes for their working lives.

Whilst the different patterns highlight the different push factors, the conceptual theme that emerged from the data was that the entrepreneurs' engaged in entrepreneurship in order to rectify their employment conditions. Hence entrepreneurship offered these respondents an avenue to acquire the autonomy over their working lives that they sought. Moreover, both male and female entrepreneurs encountered these difficulties and engaged in entrepreneurship as a solution, so their gender did not produce different motivations or shape their motivations in a different manner. Indeed, the entrepreneurs push factors for entering entrepreneurship did not vary depending upon their gender.

The conceptual point that arises is that due to the complexity of the entrepreneurs' different motivations, simply grouping their motivations as 'push factors' is too broad a term and this research emphasises that whilst the entrepreneurs may have been disillusioned with their previous employment, this disillusionment has different origins and roots. Thus the common pattern was the need for autonomy but it was the entrepreneurs' individual circumstances that provided a 'trigger' to act and engage in entrepreneurship. Therefore whilst the entrepreneurs may be pushed into entrepreneurship, the root of this push motivation may vary and it is important to note that this varies from entrepreneur to entrepreneur.

### 8.2.5 Pull Factors

In contrast, a pattern also emerged from the data whereby entrepreneurs were pulled into entrepreneurship and these pull factors motivated them to participate in entrepreneurship. Three different types of pull factors emerged and these were, the respondents seeking a new challenge, their desire to be their own boss and their wish to exploit an idea. These motivating factors will now be considered in more detail.

### 8.2.6 Seeking a New Challenge

Here the entrepreneurs were pulled into entrepreneurship as a means of finding a new challenge. For these respondents, paid employment was not challenging enough and they sought a new challenge. This problem was demonstrated by Joe and Kate, for whom their paid employment was unfulfilling, and they were seeking new challenges in their career and entrepreneurship offered an opportunity to rectify this situation:-

*'I'd been in a job for about five years and I was pretty bored, I was operating probably at ten percent capacity so I wasn't really kind of being stretched by it...I could do it with my eyes shut and so I was kind of looking for other opportunities.'*

Joe, Technology Entrepreneur

*'I didn't want to work in corporate health any longer I'd kind of had enough of it... so I wanted something that challenged me, I wanted something that I could deliver the level of service and quality that I felt was appropriate.'*

Kate, Business Services Entrepreneur

Thus these entrepreneurs were pulled into entrepreneurship in search of a new challenge and entrepreneurship offered the opportunity to challenge oneself in the work context.

### 8.2.7 Wish to be Their Own Boss

Another pull factor that motivated respondents was an innate wish to be their own boss and own their own business. This was a prevalent motivation and was expressed by Dan, Jack, Terry, Mike, Luke, Laura, Joy and Jenny and is evidenced in the exemplar quotes:-

*'I think I'd always wanted to start my own business...I couldn't reach thirty and not have done it...I just I had to do it because if I didn't do it I would have regretted it, I'd prefer to try it and if it failed then fine...but I would have much preferred to do that than not try at all.'*

Laura, Business Services Entrepreneur

*'I always felt more comfortable wanting to do something for myself rather than work for another company.'*

Jack, Technology Entrepreneur

Hence both the male and female entrepreneurs had an innate desire to be their own boss and this was often a long held wish. For instance, Terry recounted how he had wanted to own his own business for several years, whilst Luke referred to himself as always having been a *'frustrated entrepreneur'* coming up with lots of ideas for new businesses. Similarly, Joy wished to be her own boss but thought she would only take the step if her circumstances changed until she described how *'I woke up one day and thought why am I waiting? ...I should just stand up and do it'* and Jenny was keen to *'be in charge of all the decisions. I get to choose the curtains'*. Hence for these respondents entering into entrepreneurship and launching their own business offered a mechanism to realise this ambition.

#### 8.2.8 Wish to Exploit Their Idea

A further pull factor was the entrepreneurs' wish to exploit their idea. This particular motivation was particularly acute amongst the technology entrepreneurs with Roy, Brian, Tess, Joan, Sue, Rachel, Eve and Sarah all citing this motivation. This motivation is demonstrated in Joan and Roy's quotes below:-

*'Really to see whether if the scientific idea that I had could actually be commercialised ...really the drive behind it having the belief that this idea this technology I had could actually translate into drugs. So that was the drive behind it.'*

Joan, Technology Entrepreneur

*'I mean most people would say money, actually it wasn't, I knew there was an idea there and that it needed to be developed.'*

Roy, Technology Entrepreneur

Thus these entrepreneurs were driven by the desire to develop their idea, for instance Rachel started because she had *'a real belief in the technology'* and the market need for the product. Whilst Brian happened to have an idea for a new product at a trade event and as he described, *'it kind of became really obvious and before we knew where we were, we were putting our money in a bank account and opening a business.'*

Notably Tess, Joan, Sue, Rachel, Eve and Sarah are all female entrepreneurs in the technology sector. Whilst Rachel, Eve and Sarah all had previous experience of entrepreneurship and developing this new idea and business was a continuation of this experience, this was not the case for Tess, Joan and Sue. These female entrepreneurs

reflect the success of government policies in encouraging the commercialisation of scientific research. Indeed, a new path is open for those involved in academic research and through support mechanisms such as Proof of Concept, these academics are encouraged to engage in entrepreneurship to bring new products to market. For these respondents, entry into entrepreneurship was a mechanism to introduce a new product to the market. Indeed, in some cases it was almost accidental entrepreneurship, as Sue described *'I always wanted to be a scientist but I didn't think to become a company until it became obvious that it was the only thing to do'* and Tess noted, running her own business *'was something that hadn't actually occurred to me'*. The distinctions within this category are particularly interesting as they may have ramifications for the respondents' subsequent entrepreneurial process. However, in these cases it was 'exploiting the product' that was crucial, so entrepreneurship seemed to be the best and most direct mechanism through which to do this.

#### 8.2.9 The Role of Money as a Motivating Factor

Roy raised an interesting point about the motivation associated with money. Interestingly, the accumulation of money did not emerge as the sole motivating factor for any of the entrepreneurs. Even for Peter, Connor and Helen, who all stressed the importance of making money in their discussion of motivation, it was still part of a broader set of reasons and a means to an end. This was demonstrated in Peter's quote below:-

*'The number one reason was to have financial freedom by the time I was forty, and to define that more it doesn't actually mean give up, it means that you have the freedom, the financial freedom to make whatever choices you want, that's quite important so it doesn't mean retire, entrepreneurs don't retire, they want the ability to choose what they do.'*

Peter, Business Services Entrepreneur

Peter also discussed how he didn't feel that he fitted in with previous employers and that he was drawn to the opportunity presented by the growing computer market. Similarly, both Connor and Helen discussed the importance of developing something to sell in the future and making money whilst having more control over their work. This finding that the accumulation of money did not emerge as a sole motivating factor for the entrepreneurs is very enlightening as this may influence their entrepreneurial process. In this manner, accumulating money appears to be important in as much as it allows the entrepreneur freedom over how to spend their time. Notably at the opposite end of the spectrum an altruistic motivation for engaging in entrepreneurship was articulated by Kelly, who stated that her motivation was:-

*'To help other people have a better lifestyle, [a] better lifestyle for all.'*

Kelly, Business Services Entrepreneur

Kelly's motivation further emphasises how the respondents may enter entrepreneurship for different reasons. Thus these motivations are a means to an end, but these end goals may vary although they can still be realised through entrepreneurship.

To summarise, it appears that there are patterns as to why the respondents were motivated to start their business. The patterns that have emerged from this data indicate that they were seeking a new forum in which to utilise their talents and entrepreneurship offered a mechanism to do this. Thus there are two conceptual themes that emerged from this data. Entrepreneurs may be seeking their independence and they wish to be their own boss and this is important because it frees them from the constraints of paid employment. Alternatively entrepreneurs may also be drawn to entrepreneurship because they are seeking task satisfaction, in this case they wish to do something specific and they want to use their talent and skills to the maximum. These two themes are more meaningful than simply classifying the entrepreneurs' motivation as push or pull factors and this emphasises the fact that the dichotomy of push or pull factors are too simplistic and there is more depth to the situation with subtle differences between the entrepreneurs' motivations.

A further permeating theme is that both the male and female entrepreneurs expressed similar motivations and there were few gender differences apparent, with the exception of the draw of exploiting their idea for female technology entrepreneurs. The prevalence of the female technology entrepreneurs being motivated by wishing to exploit their idea may to some extent, reflect the impact of government policy to commercialise scientific research in Scotland which encourages those from a scientific background to enter entrepreneurship. Thus this motivation is not related to their gender *per se*, but rather reflects the drive to encourage more scientists to commercialise their research with gender incidental to this drive. In the main however, entrepreneurship offered a solution to the entrepreneurs' work problems or provided them with an opportunity to maximise their talents and realise their ambitions, regardless of their gender. The pattern that emerged was that the male and female entrepreneurs' motivations were very similar and the conceptual point is that the entrepreneurs' motivations are similar and that gender does not play a significant role in influencing their motivations.

The similarity between the male and female entrepreneurs' views is further emphasised by the failure of the glass ceiling to emerge as a motivating factor. Judging by the findings of the current literature discussed in Chapter 3, it would be expected that this would emerge as a key reason for the female entrepreneurs. Whilst the female entrepreneurs were disillusioned with their previous employment, none cited the 'glass ceiling' (Akande, 1994; Witz, 1997) as the reason for their disillusionment. This contrasts with previous research where the 'glass ceiling' was a reason for the female entrepreneurs' disillusionment with their employment (Mattis, 2004). Moreover, the female entrepreneurs did not raise the flexibility provided entrepreneurship to help manage work and home life as a factor. This is interesting because women are often thought to start their own business in order to combine these two aspects of their lives. However, in this research, the female entrepreneurs were motivated by professional rather than personal reasons.

Viewing the findings through the theoretical lenses also proves interesting. Amongst the respondents there was no support for the Liberal Feminist view, where women enter entrepreneurship in order to escape from discrimination in the workplace. Alternatively, Social Feminism posits that men and women act differently due to their socialisation. Again, however, this does not explain the findings in this research, as rather than having very different motivations due to their socialisation the entrepreneurs in fact had very similar motivations regardless of their gender. However, the third theoretical perspective, the Theory of Effectuation, provides some explanatory traction for the findings. Here Sarasvathy (2001) argues that '*the essential agent in entrepreneurship... is an effectuator: an imaginative actor who seizes contingent opportunities and exploits any and all means at hand to fulfil a plurality of current and future aspirations*' (p262). This reflects the situation whereby the entrepreneurs, regardless of their gender, enter into entrepreneurship in order to fulfil their aspirations. Whilst some engage in entrepreneurship to escape unsatisfactory employment situations, others enter in order to utilise their skills, pursue ideas and fulfil their ambitions. Thus both the male and female entrepreneurs in this research act as 'effectuators' who are motivated to engage in entrepreneurship in order to fulfil their own goals.

The key point that emerges from the exploration of the entrepreneurs' motivations is that the male and female entrepreneurs weren't motivated to start their businesses for gender related reasons. This is an interesting starting point from which to then explore if they then had a different experience of the entrepreneurial process due to their gender.

### **8.3 The Entrepreneurial Process**

In reviewing the literature on the entrepreneurial process, the range of resources required to start and grow a business were highlighted and attention will now turn to ascertain if, the possession of these resources varied between the entrepreneurs on the basis of their gender. These resources include the entrepreneurs' human capital gained in their previous work experience which contributes to the knowledge that the entrepreneurs are able to bring to their venture. The entrepreneurs also required both social and financial capital to launch their businesses. These forms of capital were derived from a number of sources including formal sources such as the government support agencies and business networks and informal sources, such as their own personal networks. To fully understand the entrepreneurial process and to ascertain if and how gender influences this process, it is important to adopt a broad stance and consider these issues as the access to these types of capital are closely intertwined and dependent upon each other. Considering this wide range of issues will help to fully understand the totality of the entrepreneurs' experience and highlight any possible differences between the male and female entrepreneurs. The entrepreneurs' relative acquisition of the required human capital will now be considered in more detail.

#### **8.3.1 Human Capital - Work Experience**

As discussed in Chapter 3, Section 5.2, whilst women's participation in the workforce has grown considerably, divisions still exist between men and women's participation in the labour force. Moreover, the entrepreneurs' previous work experience is important in the process; as research has found that female entrepreneurs with relevant work experience were more likely, than those without experience, to succeed in their business (Carter and Cannon, 1992; Fischer *et al.*, 1993) and go on to expand their business (Brush and Hisrich, 1991). Furthermore, to set the context and understand the support that the entrepreneurs required, it is important to first understand the previous experience that they brought to their business.

The pattern that emerged from the data was that the type of work experience varied between the entrepreneurs not upon the basis of their gender, but rather their sector of operation. As discussed in Chapter 6, Section 3.12, all the entrepreneurs were highly educated holding degree level qualifications or above with the exceptions of Eve, Ian, Terry and Brian. This high level of education appears to then be reflected in the work

experience that the entrepreneurs gained. In fact, the entrepreneurs in each sector possessed similar types of work experience as each other and this did not vary upon the basis of their gender.

For instance, the pattern that emerged amongst the business services entrepreneurs was that their high level of education led to them obtaining significant industry relevant experience. Indeed, they gained substantial work experience in their particular sector before launching their venture. This in-depth experience is reflected in the examples of Luke and Jenny, who both qualified as Chartered Accountants and they both described how they had then gained significant previous work experience in their field, as they summarised:-

*'When I set it up I had fifteen years experience in funding and investment.'*

Luke, Business Services Entrepreneur

*'It was twenty-five years of experience in the sector.'*

Jenny, Business Services Entrepreneur

This extended work experience was a recurring pattern amongst the business services entrepreneurs and they possessed significant work experience in their industry before they launched their venture. This high level of industry relevant experience meant that the entrepreneurs had significant levels of human capital that they could bring to their business. This in turn endowed the entrepreneurs with a high level of confidence that they could then start their own business in this sector. As a result, they described how their previous experience negated some of the problems of starting their own business:-

*'I knew recruitment standing on my head...both of us knew that we were good at it and we could do it so that was fine.'*

Emma, Business Services Entrepreneur

*'I know for some businesses the worry for them is will they be able to do the work? For us having the product as it were, that was never an issue for us we always knew we could deliver the product.'*

Tim, Business Services Entrepreneur

Thus the clear pattern was that both the male and female business services entrepreneurs were experienced business people in their own field who then made the transition into entrepreneurship. Moreover, their work experience conferred a level of confidence to the entrepreneurs and assisted them in starting their business.

The only two divergent cases amongst the business services entrepreneurs were Peter and Helen, who did not launch their business in the same sector that they had previously worked in. However, in these isolated cases, Helen undertook professional exams to facilitate a career change and qualify for entry into the sector, whilst Peter had changed sector early in his career and had then gained experience as a serial entrepreneur which provided him with the necessary experience for his current ventures.

Therefore the work experience that the female business services entrepreneurs possessed was similar to the male business services entrepreneurs. This finding diverged from previous findings wherein the female entrepreneurs were disadvantaged possessing less previous work experience than their male counterparts (Loscocco *et al.*, 1991; Carter and Cannon, 1992; Baker *et al.*, 1997; Shaw *et al.*, 2001). Moreover, the critical theme that emerged was the importance of education and gaining the relevant work experience to the entrepreneurs. Indeed, the entrepreneurs' education and work experience combined to assist them in starting their new business and this played an important part for both the male and female entrepreneurs and did not vary due to their gender.

In contrast, the pattern amongst the technology entrepreneurs was more ambiguous. Whilst, in the main, the technology entrepreneurs possessed an exceptionally high level of education, different entrepreneurs possessed different types of work experience which then impacted upon the launch of their business. For instance, June, Tess, Joan, Sue, Jack, Mike all entered entrepreneurship directly from working in the University environment (although Mike had worked in industry for a short time before returning to academia) and thus had limited commercial business experience. As such, these entrepreneurs gained their work experience in an academic setting with little or no experience of commercial business, as Jack and Tess described:-

*'I was a lab scientist at the time and converting that bench work... into a business base, I thought I needed some help.'*

Jack, Technology Entrepreneur

*'As a business no...I obviously have a PhD in chemistry and also I have done two postdocs...then I was on a Royal Society of Edinburgh Enterprise Fellowship programme which was set up to help people like me champion, commercialisable opportunities.'*

Tess, Technology Entrepreneur

In contrast, the remaining technology entrepreneurs all entered from a commercial background and in a similar manner to the business services entrepreneurs, these

entrepreneurs brought a wealth of commercial experience to their business. This experience is emphasised in their own words:-

*'The three founder directors are all kind of ex industry games veterans...I'd been in the computer games industry in Scotland for about thirteen, fourteen years.'*

Joe, Technology Entrepreneur

*'Most of my experience over the last twenty years is in bio-technology businesses. So if you like, I've seen a lot [of companies] grow and some succeed and some fail so if you like I've got quite a lot of benchmark information there to judge this against.'*

Rachel, Technology Entrepreneur

However, despite this entrance from a commercial background, some of these technology entrepreneurs were launching new products of which they did not have previous experience of developing. For instance, Ken and Eve were developing new software and Brian was manufacturing a new product. Therefore whilst these technology entrepreneurs all had previous commercial work experience, it was not always directly applicable.

For these reasons, the technology entrepreneurs did not have as much direct work experience to help equip them to launch their venture as their colleagues in the business services sector. Moreover, the differences between the entrepreneurs in their employment backgrounds, was important as it led to them shaping how opportunities were seen differently. Specifically this had ramifications in the support and training they were eligible for and this will be discussed in more depth shortly.

A common finding in the existent literature is that female entrepreneurs are relatively disadvantaged to male entrepreneurs due to their lack of relevant work experience (Baker *et al.*, 1997; Brindley, 2005). However, in this study the differences in work experience did not vary due to gender, but rather the sector that the entrepreneur operated within. Thus the female entrepreneurs in the business services sector possessed similar work experience to the male entrepreneurs in the business services sector. A more complex picture emerged in the technology sector whereby the entrepreneurs could either enter directly from the University environment or from a commercial background. As a result, these entrepreneurs possessed varying levels of commercial work experience although this was not directly attributed to their gender but rather reflected the peculiarities of their sector of operation. The entrepreneurs' experience of the entrepreneurial process will now be explored in further detail, considering the ability of the entrepreneur to access the sources of support required to launch their business. A major theme that emerged was the

entrepreneurs' contrasting experiences of accessing government support sources and this will now be discussed.

## **8.4 Government Support**

The entrepreneurs' held strong views on their experiences of the support provided by government organisations, which was clearly evident in their narratives. The support available from the government was multifaceted and included training, advice and financial assistance. The entrepreneurs' experiences of each part of the system shaped their views on the whole system and were closely intertwined and thus their views will now be explored in their entirety.

### **8.4.1 The Structure of the Government Support**

In Scotland business support was the responsibility of the Scottish Executive which funded Scottish Enterprise (SE) and Highlands and Islands Enterprise (HIE) which in turn funded the Local Enterprise companies (Mole and Keogh, 2009). It was the Local Enterprise companies who delivered the 'frontline' Business Gateway (BG) service which nascent entrepreneurs could contact. Smaller businesses then continued to receive support from Business Gateway whereas larger and high growth companies dealt directly with Scottish Enterprise and Highlands and Islands Enterprise. Hence, the support service structure can be simply explained as Scottish Enterprise and Highlands and Islands Enterprise, as the overarching agencies responsible for delivery of enterprise policy, with much of the 'frontline' work delivered by Business Gateway.

In addition, there were a number of other agencies operating in the business support field too. For example, some local councils offered support to entrepreneurs through their local economic development departments and there were also a number of other agencies that existed such as Targeting Innovation and Connect who were also partially funded by government. There were also specific schemes available such as the Scottish Enterprise/Royal Society of Edinburgh Fellowship (RSE Fellowship) programme. However, there existed strict eligibility criteria for this programme, as it was only available to academic staff in Universities to encourage them to launch spin-out companies. The programme provided a twelve month course whereby the entrepreneurs received advice and support whilst working towards a Masters degree in New Venture Creation. Participants were also paid a salary and received funding to allow them to attend relevant events. Thus the

Fellowship programme offered a comprehensive programme of support, with specific in-depth support available to the entrepreneurs from experts in the relevant fields. Other support schemes were also available specifically encouraging the commercialisation of technology, such as the Edinburgh Technology Fund.

As a result, the entrepreneurs could seek support from a number of different government agencies. Moreover, depending on political objectives and the resources available, the support programmes that were on offer changed over time presenting a shifting support structure. Consequently, the support available to the entrepreneur may depend upon the particular time that they contact the respective agencies. Whilst it was not possible within the confines of this research to restrict the time period wherein the entrepreneur attempted to access support, it is nonetheless interesting to note that broad patterns and themes emerged regardless of the time that the entrepreneurs attempted to access the support. Interestingly the themes appear to be relatively stable over time.

The key theme was that the experiences and perceptions of the entrepreneurs in this sample differed upon the basis of the sector in which they operated. Hence common patterns were found between the entrepreneurs in the business services sector and those in the technology sector. Thus the entrepreneurs' views were delineated, not by gender but rather by sector of operation. Following the theme from the data, this section will now compare the entrepreneurs' experiences on the basis of their sector.

#### 8.4.2 The Business Services Entrepreneurs' Experiences of Government Support

Amongst the business services entrepreneurs, the pattern that emerged was that they received more basic, generic advice and support, rather than specific support tailored to their sector. Furthermore, the business services entrepreneurs were divided over the benefit of the support that they received at the start of their business. Here Emma, Tom and Kate, were satisfied with the basic start-up workshops that they attended. Their experience of this support was described in their appraisals of the workshops they attended:-

*'Real start-up workshops which were useful and they were free so, which was great.'*

Kate, Business Services, Entrepreneur

*'Just the one day programme on how to understand a cash flow statement ...and that was useful.'*

Tom, Business Services Entrepreneur

However, Meg, Laura, Kelly and Mark were dissatisfied and they were critical of the support available as they deemed it too simplistic and not detailed enough to meet their specific requirements. Their disappointment with the support available is described in the following quotes:-

*'Our Business Advisor said [the courses] are probably more designed for somebody who is setting up their own company for operating as a hairdresser ...He said you guys, by the business plan that we produced, you're kind of sorted in where you want to go...I was surprised that there wasn't anything that wasn't a bit more in depth. Some of the courses I went in and I thought I know all this. It was very surface level stuff.'*

Meg, Business Services Entrepreneur

*'I did a sort of business start-up course with the small Business Gateway, useless. I'm maybe a bit disparaging about that I think that if I had not the first clue then it might have been helpful ...but I had a rough idea of how to do it.'*

Mark, Business Services Entrepreneur

The entrepreneurs' dissatisfaction with the support available reflects their own expertise; the entrepreneurs are well educated and have previous relevant work experience, rendering this type of support too simplistic. Thus upon launching their venture, these entrepreneurs already possessed a significant level of business acumen and the support offered was not advanced enough to build upon their knowledge. This expertise is reflected in Joy's quote whereby in previous employment she had designed training courses for the government agency and as she summarised:-

*'So I actually devised some of their training courses, so I didn't feel the need to go and sit through my own stuff.'*

Joy, Business Services Entrepreneur

Due to the difficulties these entrepreneurs encountered in learning from the government organisations, Helen and Peter both advocated that it was more beneficial for new entrepreneurs to seek support from other business owners rather than from the government organisations, as Helen posited:-

*'Business Gateway's rotten, in my opinion. I think that for people starting their business they really need to talk to other people who are in business and not talk to people who don't have a clue which people at Business Gateway in general, don't.'*

Helen, Business Services Entrepreneur

Thus these entrepreneurs were disappointed with the support that the government organisations could provide. Nonetheless, in the instances where the entrepreneurs were able to access more in-depth tailored and specific support, they were more satisfied. Indeed, both Mark and Terry were enthusiastic regarding the tailored support they received through mentoring and an in-depth support programme:-

*'Scottish Enterprise run a mentoring scheme and that was an incredibly valuable thing and that relationship lasts for a year and I've subsequently taken on and retained my mentor as a non-exec director.'*

Mark, Business Services Entrepreneur

Similarly Terry was accepted onto a more intensive training course that was targeted at high growth companies. This more in-depth training took place over an extended period of time and he described the benefits of this:-

*'[It] was an eighteen week business start-up programme which consisted of a residential weekend followed by eighteen weeks, two nights a week of two or three hour seminars...It was aimed at sort of high growth potential companies...So we got a lot from it anyway.'*

Terry, Business Services Entrepreneur

These programmes lasted for a longer duration of time and were offered at a more advanced level and had a greater impact on the entrepreneurs. This suggests that there is scope for the government support agencies to improve their offering and help support and assist these entrepreneurs. Essentially, the pattern that emerged was that whilst some entrepreneurs were satisfied with the basic support they received many entrepreneurs were disappointed with this basic support. However, the entrepreneurs who could access in-depth, specific support were enthusiastic about its benefits, indicating that it was possible for the government agencies to provide beneficial support to the business services entrepreneurs.

Accordingly the pattern that emerges is one whereby the entrepreneurs are seeking assistance to fill the specific gaps in their own knowledge, and when they receive this type of support, they are enthusiastic about its benefits. This presents an interesting challenge to the government support agencies to offer this more tailored, specific advice, rather than the current 'one size fits all' generic support. In order to achieve this, steps must be taken to devise more bespoke support packages that are tailored to the requirements of the individual entrepreneurs. The conceptual point that arises is that the entrepreneurs are seeking to extend and develop their existing knowledge however assistance is required to help them do this.

Regarding the financial support that they received from the government, the Business Services entrepreneurs were particularly disappointed. Whilst Emma, Meg and Mark received nominal start-up grants, the business services entrepreneurs were unable to secure significant financing, particularly in comparison to the entrepreneurs in the technology sector. This reflects the discussion in Chapter 2, whereby government support is aimed at specific sectors that are deemed to be of benefit to the economy. The business services

entrepreneurs were aware that there was less government funding available for their particular sector and they were disillusioned by this. This disillusionment was demonstrated in both Helen and Tom's quotes below:-

*'Rubbish...if you're ticking the sort of IT boxes then they'll throw money at you but for any other entrepreneurs ...the government do very, very little for them so they pay lip service and that's all. It's probably much easier to get funding through the private sector...than it is to get anything at all from the government.'*

Helen, Business Services Entrepreneur

*'The local enterprise company was of no real value to me... The problem was that there's an internal conflict, those guys decide which sectors they're going to invest in, so they'll be looking for what they would regard as high growth, high profile, generally tool type sectors...Now the difficulty in having that kind of bias towards that kind of sector is that if the idea is a good idea and it finds a customer that's good but it doesn't necessarily mean to say that work, employment, economic benefits will be generated right here in this town. A guy like me frankly, was a much safer bet in that regard because my job was to create jobs.'*

Tom, Business Services Entrepreneur

Therefore due to the sector that they operated in the business services entrepreneurs did not qualify for a number of the grants available as they were not considered a priority sector for assistance by the government. This caused resentment amongst the business services entrepreneurs. Moreover, the entrepreneurs encountered some difficulties in accessing the support that was available to them and this compounded their disappointment. The main problem was that it was too difficult to access the funding, whilst a minor issue was that the entrepreneurs did not know what financial support was available. These barriers will now be considered in more detail.

#### 8.4.3 Too Difficult to Access the Funding

A key stumbling block for the entrepreneurs was that they found it difficult to access the government support available due to the bureaucracy involved. Thus the process involved in applying for the finance coupled with the long time scale, deterred the entrepreneurs from accessing the financial support available. The entrepreneurs experiences of this are discussed in the following quotes:-

*'To be fair to Scottish Enterprise, I did get a month out of the six month [marketing] campaign paid for...it was like a grand, which was good but just even the work to try and get that I just thought I'm just not going to bother, I'm just going to try and drive this business.'*

Laura, Business Services Entrepreneur

*'With the public sector when they are backing entrepreneurial innovative companies in Scotland the way they do it, the hoops that they make people jump through, the hurdles. I recently renewed my IT network and our IT guys said if you went through the process you could probably get 30% of your investment back through public sector support and I said what do I need to do to get it? And they said you need to have an initial site visit, you need to write a viability plan, you need to write a financial plan, they need to come in and crawl all over it with a fine tooth comb, it then needs to be approved at a local level, then needs to go up to a regional board level and I said how long is that going to take? Well at least four or five months and I said well I need a computer network now, I can't wait four or five months, so we didn't even consider it.'*

Ian, Business Services Entrepreneur

Therefore the time consuming procedures attached to accessing financial support from government sources acts as a disincentive to the business services entrepreneurs and consequently they are reluctant to apply for support. This reflects the relatively small sums that are available for their sector and as such the entrepreneurs do not consider it worth their time and effort.

#### 8.4.4 No Knowledge of Financial Support Available

As discussed earlier in the chapter, the financial support available to the entrepreneurs was offered through a number of different agencies and the individual schemes are also subject to change depending on the current government objectives. The shifting nature of the support landscape made it difficult to identify the support available and Kate identified this problem:-

*'Aside from [the start up grant] I don't know of any other grants that were available. If they were they weren't easily accessed or known about or advertised. It is the one thing that I often thought when we started up there wasn't a real apparent something out there to help you and support you.'*

Kate, Business Services Entrepreneur

Consequently, the business services entrepreneurs may be limited in their options for government support as they were not aware what was on offer. Nevertheless, a minor pattern emerged whereby Kelly and Tom, who were disillusioned with the government support available, proved adept at accessing support from their local council instead. Whilst this was still a source of government support it was not marketed to the same extent as the support offered through Scottish Enterprise and Business Gateway. However, both Kelly and Tom were able to access a nominal amount of financial support this way. Nonetheless, this was not a widely utilised strategy by the business services entrepreneurs and this may be because the other entrepreneurs were not aware that this was an option.

The theme that emerges is that the business services entrepreneurs due to their sector are restricted in the amount and type of support that they can access. In essence, these

entrepreneurs must, to a large extent, navigate the start up process on their own, relying upon their existing business experience and acumen to help launch their business. Furthermore, the current system dissuades business services entrepreneurs from accessing the relatively small sums of financial support that is available, as perceptions of the costs of applying outweigh the benefits, as the entrepreneurs do not perceive that the financing is worth investing the time required to apply for it, as it is. The emergence of the finding that it is too time consuming to apply for these government grants, re-iterates the finding in Chapter 7, where the highly time consuming nature of entrepreneurship emerged. Again within the business services sector the entrepreneurs' satisfaction with the government support available was not influenced by their gender, as in general, both the male and female entrepreneurs were disappointed with the support available to their sector.

#### 8.4.5 Technology Entrepreneurs' Perceptions and Experiences of Government Support

Upon analysis of the technology entrepreneurs' narratives two patterns emerged, these patterns were not based upon the entrepreneurs' gender, but rather on their entry into entrepreneurship and whether or not they had entered directly from the university environment. Indeed, the respondents' entry into entrepreneurship determined the government support that was available to them and the assistance they received.

For example, June, Tess, Joan, Sue, Jack and Mike all entered entrepreneurship directly from the university environment. In addition, Rachel's business partner had worked in the university environment, whilst Connor's business partners were also academics. On the whole, these entrepreneurs were more satisfied with the government support that they received than their counterparts in the technology sector who did not enter from the university environment. This is because there were a number of different schemes from which entrepreneurs could access support, and those entering from a university could avail of additional support. Importantly, this support was highly specific and tailored to the entrepreneurs' needs and requirements. Consequently, the pattern emerged was that those entrepreneurs entering from the university environment were satisfied with the support that they received. This was illustrated in their following quotes:-

*'I think through Scottish Enterprise and the Executive and the platforms that they actually had and I had the safety net of the commercialisation department of the Research Institute, I had eight months there, before we spun the company out, which was great to have that there and get the experience as well...so you always feel that you are surrounded by the right people just to bounce things off, which is great.'*

Joan, Technology Entrepreneur

*'The public sector has been 110 percent behind me.'*

Jack, Technology Entrepreneur

These entrepreneurs were also enthusiastic about the schemes that were available to them and specifically tailored to their needs, such as the Royal Society of Edinburgh scheme that some entrepreneurs participated in, which provided in-depth and ongoing tailored support, as described below:-

*'I think being part of the Enterprise Fellowship programme helped me a lot, I think it would have been quite difficult if I hadn't had that support at the beginning.'*

Tess, Technology Entrepreneur

*'I went through the Royal Society of Edinburgh Enterprise Fellowship programme so that was really my first formal business training prior to that I didn't have anything...I was getting advice from the programme and getting good advice from that.'*

Mike, Technology Entrepreneur

Moreover, schemes such as this provide an ongoing network of support for the entrepreneurs that they can continue to access as and when required, as detailed below:-

*'If I ever need to speak to somebody all I have to do is phone the RSE and say can you please give me the phone number for this individual who was either part of the programme or was involved in the programme on a teaching or mentoring level. It's kind of like a club... that you permanently belong to in the end.'*

Tess, Technology Entrepreneur

*'You are just immersed into their network of very prestigious people not only in science but in business and they plug you in very well into that network which is good.'*

Jack, Technology Entrepreneur

Thus the entrepreneurs entering from the university environment benefited from the schemes that were specifically available to them and which were tailored to support their sector. The in-depth and ongoing support available to these entrepreneurs reflects the government drive, as discussed in Chapter 2, to increase the number of technology businesses in Scotland for the benefit of the economy. Commercialising the knowledge base that resides in Scottish Universities is a key strand of this strategy. As a result, entrepreneurs who fall into this category can benefit from this in-depth support. Consequently, the entrepreneurs from the university environment were more satisfied with the government support that they received than their counterparts in the technology sector who entered from a commercial background.

Indeed, the difference in the support available to the entrepreneurs in the technology sector was raised and discussed by the entrepreneurs themselves and demonstrated overleaf:-

*'Scottish Enterprise say that the government's big focus is on commercialising university IP and so they have to put a lot of effort into helping us but they say that there are people out there who have a lot more commercial experience who may be putting in a lot of their own money into a business but just because they don't have IP or they are not coming out of a university they tend to find it harder to get the help from Scottish Enterprise.'*

Mike, Technology Entrepreneur

*'I think we've got a good range of funds covering all different levels of need, particularly if you are coming out of the university sector, if you add into that things like Proof of Concept funding and things, I think we've actually been pretty good about plugging the various gaps and if you compare it with how it was ten years ago its hugely improved, with a little bit of using your nous, you can actually plug all the way from twenty thousand to four million without any difficulty.'*

Rachel, Technology Entrepreneur

Therefore the entrepreneurs were aware of the varying support available to different technology entrepreneurs and the additional help available to those entering entrepreneurship from the university environment.

A further point highlighted in Chapter 2, was that government grants are generally linked to furthering policy aims and entrepreneurs may be eligible to access them for specific areas. Strict eligibility criteria may also be attached to the grants and entrepreneurs operating in certain sectors may not qualify for assistance (Fielden *et al.*, 2006). For instance, in Scotland there are a range of grants available to the technology sector with entrepreneurs in this sector eligible to apply for schemes such as SMART<sup>3</sup>, SPUR<sup>4</sup> and SPUR Plus<sup>5</sup>. These schemes are directed at potentially high growth small and medium enterprises to help them develop innovative technological processes or products (Scottish Executive, 2003). Moreover, whilst many of the grant mechanisms, such as SMART and Spur, are not restricted to the University sector, in practice they may be best suited to the commercialisation of university derived technologies. This fit was conveyed in both Sue and Connor's quotes overleaf:-

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<sup>3</sup>SMART - the Small Firms Merit Award for Research and Technology is a competitive grant that provides financial assistance to small firms to develop new innovative products or process.

<sup>4</sup> SPUR – this grant is available to SMEs to develop innovative products or processes with significant technological advances. SMART Award holders can progress and apply for SPUR funding.

<sup>5</sup> SPUR Plus – this grant is available to SMEs to help develop world-beating products or processes which demands expensive cutting edge technology (Scottish Government, 2004).

*'We've had these SMART grants as well and a Spur Plus grant which is the biggest grant you can get and they've been very helpful...they have been superb, very proficient, very professional, just work so well for us.'*

Sue, Technology Entrepreneur

*'SMART is well run, SMART is efficient, the people who run it are of high calibre and it's for the amount of money you get it's really a reasonably streamlined process.'*

Connor, Technology Entrepreneur

Moreover, there was no evidence to suggest that the support received by these entrepreneurs varied upon the basis of gender, as both male and female entrepreneurs availed of this support.

The remaining technology entrepreneurs, Anna, Sarah, Eve, Roy, Ross, Joe, Brian and Ken, entered technology entrepreneurship from a commercial background and the pattern that emerged was that they had a different experience of the government support system. These entrepreneurs were less satisfied with the government support available than their technology counterparts from the university environment. This was because they did not benefit from the same specific, in-depth tailored support from the inception of their business. Indeed, these entrepreneurs received less specific support, particularly at the start-up stage of their business, when arguably entrepreneurs require the most support. Their experiences of government support at the start-up stage are illustrated in their following quotes:-

*'I went on a couple of Scottish Enterprise courses, how to register a company, how to do annual accounts but it wasn't in depth, it was crash courses.'*

Anna, Technology Entrepreneur

*'They really weren't very helpful and I had an advisor assigned to me who was next to no help at all...I think that they can give very generic advice so if you wanted to go and see them about setting up a bed and breakfast business I think that they will be quite helpful... I was coming from a different place and saying I want help with intellectual property law and it's like oh we can't help you there... I said I'm looking for a software company based in [City] do you have a list? The answer was Yellow Pages, that didn't really help me very much...so their advice to me was very, very little to no help.'*

Ken, Technology Entrepreneur

Thus these technology entrepreneurs were given more generic, basic, less in-depth support than their counterparts from the university environment. Moreover, whereas those entering from a university were able to obtain support from before their inception, with schemes such as the RSE Enterprise Fellowship programme available, it appears that it was more difficult for those entering from a commercial background to gain similar support. In contrast, support for these entrepreneurs began at a later stage of their business, if at all. For instance, Roy recounted his early experience:-

*'One of the first things I did was to see someone at Scottish Enterprise [Region] it was someone I knew from the previous business ...but the first advice was go to someone big and tell them that you've got an idea and you're not going to make it on your own. But I didn't take that advice and went back a year later and we were moving then and we had a good strong opinion on the patent and at that point Scottish Enterprise really got behind us.'*

Roy, Technology Entrepreneur

This meant that Roy was unable to gain support at the inception of his company and could only gain support at a later stage once he had started his business and had a possible patent. Likewise, Ken was unable to secure any government funding to help start his business and was frustrated by the process:-

*'I felt that basically you would have to be in the position of not needing the money in order to get going and its just a way of having a bit of a claw back ...I wouldn't go through that route unless it was a last resort or because you don't need the money at all and just 'well if we get lucky we might get fifty grand back over the next couple of years' ...but it doesn't help you get started at all.'*

Ken, Technology Entrepreneur

Similarly, Brian found that the financial support from the government started at a later stage when it was no longer necessary for the business:-

*'The financial assistance for us kind of kicked in at the point where we, in theory, could have done without it.'*

Brian, Technology Entrepreneur

The experiences of these entrepreneurs who entered from a commercial background was in stark contrast to the experiences of the entrepreneurs from the university environment, who were able to secure financial support from a range of grant mechanisms to help with the launch of their enterprises.

As a result, these entrepreneurs were disappointed with their early experiences of government support and were prompted to seek other sources of support, such as their clients, as Anna and Ross explained:-

*'Its just kind of allocating your resources to what's going to get you the most opportunities from a business perspective and we have filled in forms and it just takes a lot of time and energy and I'd rather dedicate time and energy to negotiating a contract with a new client.'*

Anna, Technology Entrepreneur

*'I think you can build a successful company or you can build a grant getting company... the grants seem to be destined to go to lame duck companies it just seems crazy. The hoops that you go through ...I know some companies play the grant system very well but we've always found that it just doesn't work at a pace and we would rather not get finance but work with our clients.'*

Ross, Technology Entrepreneur

However, other entrepreneurs from a commercial background were able to access support at a later stage. For example, once Roy had successfully launched his business he was able to access support, which was instrumental in helping him to secure venture capital funding. Likewise Joe, who was able to access a small grant to launch his business, found that once they had established a track record they were able to access more support including government equity investment, in his words:-

*'I'd say at the very early stages it is very good, Scottish Enterprise aside, I think Scottish Enterprise [Region] are pretty good, so it wasn't their fault directly that the whole thing was in a mess two years ago. But its hard, I think the attitude we hear is 'we only back winners', so this whole thing, its almost like you've kind of got to get started, you've got to be successful, before you will be able to raise more money or loan more money.'*

Joe, Technology Entrepreneur

Nonetheless, a cause for concern was the finding that emerged whereby Sarah and Eve were disappointed with the support that they received and were critical about the use of consultants by government support organisations, as demonstrated in their experiences:-

*'You got inundated with Scottish Enterprise, we'll send you marketing experts and all this sort of stuff and they were no more marketing experts than a fly in the ear but they offered to pay some of it and you'd to pay the rest so we got we really got stung I would say a lot of the time in Scotland by people saying we'll give you good advice and all they were doing was creating jobs for their pals who had wee consultancies.'*

Sarah, Technology Entrepreneur

*'Now all the times that I have gone to all of these bodies, we've had to submit all these schemes, now mostly they are very keen to employ people to advise me what to do ...and I think moneys been going to consultants to produce glorious schemes for this that and the other and if the reality is do those schemes ever come to fruition? ...I think this is what the Enterprise Bodies are doing they are basically giving money to consultants.'*

Eve, Technology Entrepreneur

Therefore the pattern that emerged was that it was more difficult for the technology entrepreneurs from a commercial background to gain early support from government sources. However, once they had launched their businesses some entrepreneurs were able to gain support, whilst others were unable to, or no longer wished to due to their earlier experiences.

Accordingly, the technology entrepreneurs who entered from a commercial background had a less positive experience of government support than those who entered from the university environment. The pattern which emerged within the technology sector was that the timely, tailored and specific support offered varied between those entrepreneurs entering from the university environment and those who were not. Receiving this tailored support allowed the entrepreneurs from the university environment to fill gaps in their

knowledge and build upon and expand their existing knowledge, helping to develop their business acumen. In contrast, those technology entrepreneurs from a commercial background received very generic support and were unable to build upon their existing knowledge. This was a similar situation to that which the business services entrepreneurs encountered, where there was a mismatch between the help and knowledge required and the help and knowledge provided. Again this rendered these entrepreneurs in the position of having to rely upon their previous education and work experience and this further emphasises the importance of the entrepreneurs' own human capital in the entrepreneurial process. Thus within the technology sector different entrepreneurs received different levels and types of support. A critical element of this finding was that the support did not vary on the basis of gender but rather on entry into technology entrepreneurship.

To summarise, the conceptual theme that emerges from this research is the difference in the ability of the entrepreneurs to engage with support. The data conveys a clear sense that not all the entrepreneurs were able to access the same amount of support. Clear patterns emerge whereby when the entrepreneur's perceived needs were matched with the appropriate support the outcomes were good and the entrepreneur benefits. However, if there is a mismatch in either the level of advice or type of advice offered then the support is less useful. In terms of the entrepreneurial process, these findings provide further support to the importance of the entrepreneurs' previous experience as this is key in understanding what happens, as to a large extent, it determines the support they are eligible for and also if the support is of benefit.

Analysing these findings through the theoretical lenses of Liberal and Social Feminism provides limited explanations for the findings. There was no evidence to suggest that the support provided varied upon the basis of gender, or of the Liberal Feminist theory that the female entrepreneurs were discriminated against and as such have less access to the support. Similarly, utilising the Social Feminist theory provides little insight, as the male and female entrepreneurs did not access the support in a different manner due to their socialisation. However, the alternative theory offered by the Theory of Effectuation does proffer some insight. This theoretical lens emphasises how the entrepreneur attempts to exploit the particular contingencies that are open to them at the time (Sarasvathy, 2001). In this research, the entrepreneurs do just that, seeking out the support available that is of benefit to them and learning what they can from it. Moreover, the Theory of Effectuation argues that entrepreneurs adopt a fluid approach building a dynamic business to react to the circumstances open to them. Again there is practical evidence of this in the research,

as the entrepreneurs were resourceful, quickly changing and following different paths if options were closed to them and seeking different avenues of support. Indeed, one outcome of the varying support available to the entrepreneurs from government sources is how the entrepreneurs' access support from other sources and this will be discussed further in the next section.

### **8.5 Other Sources of Support**

In addition to the government support available, the entrepreneurs also accessed support from other sources, such as business networks, mentors and their own personal networks. The entrepreneurs' use of each of these sources varied depending upon their sector. For instance, the entrepreneurs' use of formal networking as a source of support varied depending upon their sector. In fact the business services entrepreneurs, both male and female, were active in a range of different formal networking organisations and in general they found it useful for their business, as they articulated in their enthusiastic quotes:-

*'We do a phenomenal amount, always have done and especially in somewhere like [City] if you want to make it a success you've got to do that, its part and parcel of the job, without a shadow of a doubt, something will be going on every single week.'*

Emma, Business Services Entrepreneur

*'Incredibly useful, I wouldn't say we couldn't survive without it but we couldn't prosper without it, I think is probably the more apt way of putting it. It's a vital, vital part of the business.'*

Terry, Business Services Entrepreneur

Due to the nature of their business, formal networking is an intrinsic part of their business. These entrepreneurs are selling a service and must remain at the forefront of people's minds. Participating in formal networking conferred a range of opportunities to these entrepreneurs and they described how it helped to raise awareness about their company; enabled them to keep up to date with the business environment and changes in the industry and identify new opportunities and contacts for their business. Indeed, it was a key tool in their business armour.

A more isolated pattern amongst the business service entrepreneurs was that formal networking was not beneficial to their business. Only Kelly and Jenny did not find participating in formal networking beneficial. Kelly had not found the right customers at the networks that she had attended to date, however she had resolved to attend different networks in the future. Meanwhile Jenny did not like formal networking instead if there was someone that she wanted to speak to she would contact them directly. Whilst Tom

himself, did not have time to attend networking events, he did delegate this task to colleagues as it was deemed to be beneficial to the business. By in large, however, formal networking was embraced enthusiastically by the business services entrepreneurs.

The technology entrepreneurs were also involved in formal networking and also found it useful for their business, as expressed in their quotes:-

*'Anybody who doesn't think networking is of value is stupid...because you've got to involve yourself in the business community, because otherwise how do you know what's going on?'*

Eve, Technology Entrepreneur

*'It is useful, I always get a lot of contacts and some general advice and I think because we are at an R&D stage, networking is not so important at the moment but once we are more commercial I think it will become much more important in terms of finding customers and advisors.'*

Mike, Technology Entrepreneur

However, due to the nature of their market, the technology entrepreneurs were more likely to stress the importance of attending industry specific networks, events and conferences, as Anna discussed:-

*'Because we are so niche and so focused I would rather focus my networking efforts on the types of networking that will help us establish new business...we put a lot of emphasis on conference attendance, on having a booth at conferences, pre-arranging to meet people while we are at the conference.'*

Anna, Technology Entrepreneur

Therefore in comparison to the business services entrepreneurs, the technology entrepreneurs participated in formal networking in a slightly different manner. Moreover, Tess, Sue, Connor and Ken did not participate in formal networking. In these instances, the reasons varied but Ken did not find it helpful, Tess had participated before and did find it helpful but now needed to spend time developing her technology, whilst Connor and Sue did not like networking and instead contacted people directly if they wished to speak to them.

Thus the technology entrepreneurs participated in networking in a different manner to their business services counterparts, however, again this was not a result of their gender but rather it reflected the nature of their respective sectors and the business requirements therein. Thus their engagement with formal networking reflects how their particular business sector operates.

The entrepreneurs also sought support from their own informal personal networks which were comprised of their own contacts and mentors. Regarding their personal networks both the technology and business services entrepreneurs described utilising these sources of support. These entrepreneurs stressed the network of people they could contact for help and advice. As Rachel and Luke expressed:-

*'I've got ready access to a whole bunch of different people with a whole bunch of different experience and if I wanted an answer to a question I could pretty much get that answer and I could probably get it without paying for it as well.'*

Luke, Business Services Entrepreneur

*'I have a number of people that I would be more than happy to ring and just use as a sounding board, different people, for different things.'*

Rachel, Technology Entrepreneur

Again the composition of the entrepreneurs' personal networks emphasise how important the entrepreneurs' previous experience was and how this enabled them to build up a group of support.

The business services entrepreneurs in particular, were often able to access the advice and support that they required from their own personal network. Indeed, Terry, Mark, Tom, Tim, Laura, Emma and Meg all highlighted that they had close family members who were entrepreneurs or who had significant business experience and acumen. Thus their network was composed of contacts with experience in their field from which they could benefit. For instance, as Meg and Tim emphasised:-

*'My dad actually was a finance director before he retired and I think he was named in our very first business plan as an independent consultant. Which he did, he gave us a lot of good advice and looked over our accounts until such time as we hired our own.'*

Meg, Business Services Entrepreneur

*'I think that we were very lucky in that we had a lot of good advice when we started up from our family, friends. My brother started his own business five years ago so he was able to kind of give us a lot of pertinent advice and I reckon that's where a lot of small businesses can really benefit is by taking advice and not being too bullish by we're going to do it this way.'*

Tim, Business Services Entrepreneur

Here the business service entrepreneurs were able to access useful advice and support from their networks. To achieve this they utilised a range of both formal and informal networks. The business services entrepreneurs may be more focused on these networks as they were unable to access the support that they required from formal sources such as the government agencies. Indeed, a pattern appeared that whilst the technology entrepreneurs from the university environment could access specific sources of advice from the

government sources, the business services entrepreneurs were adept at accessing the required support from their own personal networks. Thus the business services entrepreneurs fill in the gaps with their own networks that they build. However, accessing the required support may remain problematic for the technology entrepreneurs who were not from the university environment, especially those who are launching a new product, as their previous business experience did not equip them for this. They may also have more difficulty in obtaining support from both the government agencies and their own personal networks. Again the entrepreneurs' relative possession of support varies by their previous experience and background.

In practice, not all the entrepreneurs could benefit from their previous contacts. The pattern that emerges is that it is entrepreneurs who are new to their particular sector who lack the contacts and access to advice. For instance, Ken's experience as an entrepreneur who was new to his technology sector highlights this problem. Ken would have appreciated the support of a mentor as he found it difficult to access the specific advice that he required from his existing network, as he described:-

*'I'd love to find a mentor that could really help me but again I've probably got into a business that due to its nature there probably isn't a mentor out there that would be willing to give me their time and perhaps help me in the separate areas that I need help with. But [who] I class as a mentor really, is my lawyer because I found a guy who specialises in IP so he cost a fortune but definitely some of the best advice I've had is from him so its paid advice.'*

Ken, Technology Entrepreneur

Hence access to networks and support doesn't vary on the basis of gender, but rather on the entrepreneurs' prior experience and contacts that they have built up. In terms of their personal networks and mentors, no gender differences were found in the data collected. These findings diverge from those in previous research. For instance, Shaw *et al.* (2001) found that female entrepreneurs had poor access to business networks which are vital to business formation and expansion. This was not the case here, where the female entrepreneurs were as active as their male counterparts in networking and reported that it was useful for their business. Instead the findings are more akin to Aldrich *et al.*'s (1997) finding that women were as active as men in networking to obtain assistance and Read's (1998) finding that women did not have more difficulty in establishing business networks.

## **8.6 Financial Capital**

This section will explore the entrepreneurs' perceptions and experiences of financing their business and their relative possession of financial capital. The financial sphere is particularly interesting as it is here where entrepreneurs are often dependent upon other people's perceptions of their abilities and competencies. Consequently, it is here the literature suggests that you would expect to see any evidence of differences between the male and female entrepreneurs. It may be expected that this would be particularly pertinent to the technology sector because this is not a traditional sector for female entrepreneurs to operate businesses in. Whilst the entrepreneurs in Chapter 7, did not cite gender as a factor in their access to finance, it is interesting to compare the male and female entrepreneurs' financing experiences to identify if there are any differences between them which could be attributed to gender.

The entrepreneurs' narratives were analysed in depth and in doing so their sources of finance, amounts of finance and issues encountered were considered. To understand the finance utilised an overview of the amount of start-up capital and the percentage of start up capital obtained from each source is included in Figure 8.1. The turnover that the entrepreneur's business had achieved in the previous year was also included to give an indication of how the business has grown since it started.

Figure 8.1 Sources of the Entrepreneurs' Start-Up Capital and Last Year's Turnover

Name	Start-up Capital	S.F	B.F	G.G	G.E	N.L	I	C.F	Turnover
<b>Business Services</b>									
<b>Female</b>									
Kelly	<£5,000	100%							£50,000 - £99,999
Helen	<£5,000	100%							£100,000 - £149,000
Joy	<£5,000	100%							£500,000 - £599,999
Meg	<£5,000	66.6%		33.3%					£900,000 - £999,999
Kate	<£5,000	100%							£1,000,000 - £1,999,999
Emma	£25,000 - £49,999	30%	30%	15%		25%			£5,000,000 - £9,999,999
Laura	£50,000 - £99,999	45%	55%						£1,000,000 - £1,999,999
Jenny	£50,000 - £99,999		100%						£350,000 - £399,999
<b>Male</b>									
Luke	<£5,000	50%	50%						£100,000 - £149,999
Tim	<£5,000	100%							£200,000 - £249,000
Ian	£10,000 - £14,999	60%	20%	20%					£350,000 - £399,999
Terry	£10,000- £14,999	50%	50%						£2,000,000 - £2,999,999
Mark	£15,000 - £19,999	100%							£150,000 - £199,999
Tom	£15,000 - £19,999		100%						£5,000,000 - £9,999,999
Peter <sup>1</sup>	£25,000 - 49,999	25%	25%				50%		£100,000 - £149,000
Dan	£50,000 - £99,999	100%							£2,000,000 - £3,000,000
<b>Technology</b>									
<b>Female</b>									
Anna	£5,000 - £9,999	100%							£5,000,000 - £9,999,999
Joan	£15,000-£19,999			100%					<£50,000
Eve	£25,000- £49,999	50%	30%	20%					<£50,000
June	£25,000- £49,999	20%				20%	60%		£200,000 - £249,999
Tess	£50,000- £99,999			75%	25%				<£50,000
Rachel	£50,000 - £99,999	50%					50%		£50,000 - £99,999
Sarah	£50,000 - £99,999	100%							£900,000 - £999,999
Sue	>£1,000,000						100%		<£50,000
<b>Male</b>									
Connor <sup>1</sup>	£25,000 - £49,999			100%					<£50,000
Joe	£25,000 - £49,999	66.6%	33.3%						£200,000 - £249,999
Mike	£50,000 - £99,999			75%			25%		<£50,000
Jack	£50,000 - £99,999	20%		30%			50%		£200,000 - £249,999
Roy	£50,000 - £99,999	100%							£350,000 - £399,999
Ross	£50,000 - £99,999	50%	50%						>£10,000,000
Ken	£100,000 - £149,000	25%						75%	£100,000 - £149,000
Brian	£500,000 - £599,999	100%							£1,000,000 - £1,999,999

Key:

S.F. = Self Funded

B.F. = Bank Finance

G.G = Government Grant

G.E= Government Equity Investment

N.L = Non-commercial Loan - a loan offered by a non-commercial organisation e.g. The Princes Trust

I = Investor

C.F. = Client Finance

<sup>1</sup> The figures represent the approximate average from two business ventures.

As illustrated in Figure 8.1, in general a pattern emerges whereby the amount of start up capital utilised varies between the entrepreneurs on the basis of their sector rather than upon the basis of their gender. Thus the technology entrepreneurs regardless of their gender, tended to start with more finance than the entrepreneurs in the business services sector. As such, the amount of start up capital that the entrepreneur started with was more closely related to their sector than their gender. Additionally, the technology entrepreneurs in general, accessed a wider range of different sources of finance than their counterparts in the business services sector. Therefore in this study, it appears that the entrepreneurs'

start-up capital is more strongly influenced by their sector of operation than by their gender. Given that this research is qualitative in nature, the sample is too small to be statistically representative, nonetheless a clear pattern does emerge and the advantage of the qualitative method is that it can provide an insight into *why* this occurs.

To fully understand the situation, the researcher analysed the data asking the questions '*why did they start with this?*', '*why do they use different sources of finance?*', '*how can we explain their behaviour?*' A picture was built up of each entrepreneur's own particular experience and by constantly comparing each case, patterns emerged from the data. Given the similarity between the entrepreneurs in each sector, the experiences of the entrepreneurs in the business services sector will be considered, followed by those in the technology sector.

#### 8.6.1 The Business Services Entrepreneurs' Financial Perceptions and Experiences

All the entrepreneurs in the business services sector started with less than £99,999 and within the sector a division emerged between the entrepreneurs who started with less than £25,000 and those who started with over £25,000. Both male and female entrepreneurs were found in each of these categories. Starting with less than £25,000 was the experience of Kelly, Helen, Joy, Meg, Kate, Luke, Tim, Ian, Terry, Mark and Tom all starting their businesses with less than £25,000 and within this category starting with very small amounts of capital, such as under £5,000, was quite common. In contrast, only Emma, Laura, Jenny, Peter and Dan started their businesses with £25,000 and over. To explore this pattern further, the entrepreneurs' financial perceptions and experiences will be considered, firstly those who started with relatively small amounts of capital (under £25,000) and then those who started with relatively larger amounts of capital (£25,000 and over).

#### 8.6.2 The Experiences of the Business Services Entrepreneurs with Relatively Small Amounts of Start-Up Capital

The narratives of the business services entrepreneurs who started with relatively small amounts of capital were explored to understand how they started their business with less than £25,000. Notably within this group of entrepreneurs, self financing was the prevalent mode of finance amongst these entrepreneurs, with Kelly, Helen, Joy, Kate, Tim and Mark all providing 100% of the start-up capital themselves, whilst Meg, Ian, Terry and Luke all

provided at least 50% of the funding themselves. Moreover, the trend that emerged was that these entrepreneurs were satisfied with the amount of capital that they started with, with only Kelly and Terry dissatisfied. Therefore the pertinent question was how were these entrepreneurs able to start their business with such small amount of capital? Upon analysis two reasons emerged.

Firstly, the entrepreneurs highlighted that it was possible to start their business with a small amount of capital, due to their sector of operation and the nature of their business. In effect, because they were providing a service they did not require a significant amount of finance as they did not have to buy a lot of equipment, as Kate and Tim described in their own words:-

*'We were literally just the answer phone on the window sill, so we didn't need much you know.'*  
Kate, Business Services Entrepreneur

*'I mean we were quite lucky in that I guess with IT businesses in general they don't really require a huge amount of start-up capital I mean not having to go out and buy lots of equipment, no need to go out and buy lots of stock.'*

Tim, Business Services Entrepreneur

Therefore given the sector that they were operating in, it was possible for the entrepreneurs to start their business with very small amounts of finance. This was a common pattern, as Joy stressed *'there literally wasn't anything to finance'* and Meg highlighted *'we realised that we could start this pretty much with a phone'*. Similarly, Helen stated *'it's quite a low start-up business really'* with Luke emphasising *'it wasn't a capital hungry business; it wasn't a capital intensive business'*. Consequently, the business services entrepreneurs benefited from the relatively low start-up costs associated with their sector and this made it possible to start their venture with a small sum of money.

The low start-up costs to entrepreneurs entering the business services sector reflect the low barriers to entry of the sector. As Mark pointed out *'our industry is fairly easy to enter which is why there are so many small businesses in it'*. These low barriers to entry caused Tim concern when his market research revealed that there were 160 other companies in the same city offering the same type of service, as he said *'that was probably our biggest worry...what could we do to differentiate ourselves from every other company out there promising the same kind of services?'* Hence the low barriers to entry of the business services sector offered both an advantage and a disadvantage.

The second reason that emerged also helped to explain why these entrepreneurs were satisfied with starting their business with relatively small amounts of capital. In practice, the entrepreneurs were financially cautious and preferred to start with a small amount of money to help mitigate the financial risk and minimise any possible damages from failure. This attitude of financial caution was described by both the male and female entrepreneurs and is demonstrated by the exemplar quotes from Meg and Mark below:

*'We just both didn't want to commit ourselves financially and I think that's the scary thing when you are starting up your own business. No one wants to feel like the roof over their head... is under threat... and we thought well if worst case scenario and we didn't manage to grow the business there was an easier exit if we hadn't over committed ourselves financially.'*

Meg, Business Services Entrepreneur

*'Two, three, four years ago I wasn't really mentally ready to get involved in all that sort of stuff, I'm more mentally ready for it now so I think that the amount of capital that we had was enough to get us going, if I'd had more yeah we might have been able to be a bit bigger a bit quicker, but I suppose that I take you back to my earlier perspective on I've been trying to do the thing organically if I possibly can. So I'm not really hugely delighted by the prospect of borrowing and I'm really not like fantastic here comes the [BMW] M5, I'm not really into that, it's not what I'm trying to do.'*

Mark, Business Services Entrepreneur

Similar sentiments were also echoed by Kate, who stressed *'we didn't want to burden ourselves with debt'* and Helen who noted that *'it would have been quite a risk'* to start with more money. For these entrepreneurs their cautious attitude guided their financing decisions, prompting them to start their businesses with relatively small amounts of capital. The entrepreneurs were also working to mitigate the risk of starting their own business and trying to minimise the financial damage that failure would incur. As Tim recalled *'we'd only put in a very small amount of start-up capital, it would have been very easy to walk away from it. Whereas if we'd made a bigger commitment initially then that would have almost tied us into the business a little bit more'*.

In summary, the business services entrepreneurs benefitted from the nature of their sector and the low start-up costs associated with entering the business services sector which fitted neatly with their own disposition of being financially cautious. The nature of the business sector meant that they could start their business with a very small amount of capital and this explains why they had a high level of satisfaction with their relatively small amounts of start-up capital.

An interesting case amongst these entrepreneurs was Tom and whilst he was satisfied with the amount of capital that he started with he was unhappy with the source of the capital. This was because he was unexpectedly made redundant and as a result he didn't have any

capital himself and had to borrow the start-up capital from the bank. His lack of finance caused him distress, as he articulated:-

*'I had no money to start the business with and I mean no money...I had to go into overdraft right away to get the company off the ground and I ran a negative balance sheet for at least two years which is not a clever thing to do, it means that you are constantly worrying about cash, you are constantly worrying about your relationship with the bank, when you should really be thinking about the business and out there finding customers.'*

Tom, Business Services Entrepreneur

Here Tom's unexpected redundancy meant that he did not have time to gather his own financial resources so he was forced to seek external finance at the start. This was contrary to his cautious financial attitude, causing him distress. However, Tom's business survived this difficult start up period.

In contrast the remaining entrepreneurs, Terry and Kelly started with relatively small amounts of capital but were dissatisfied with their start up capital. In Terry's case he started with a relatively small amount of money, not due to an attitude of caution but rather due to a combination of naivety and being unable to contribute more or borrow more from the bank. As he stated:-

*'So no it wasn't adequate to start with but it was about as much as we could afford and I mention naivety it's cause we'd never done this before, we thought that that will probably be enough and not really at the time getting the difference profit and loss and cash flow it took a little while to really until you eat, sleep and breathe it and until it you know you reach the bleakest most darkest moment where you can't afford to pay wages and the likes, you really don't appreciate the, you probably don't fully appreciate the impact of some of these things, so it would have been nice to have more money at the start.'*

Terry, Business Services Entrepreneur

The other exceptional case was that of Kelly, who was not satisfied with her start up capital. Kelly was forced to start with less than £5,000 as she was unable to access the external finance she required. Kelly's difficulties were further compounded as she was introducing a new type of business service into the market and she had to educate the market about her service before she could generate a cash flow that would allow her business to grow. Kelly attributed her difficulty in accessing start-up capital to the banks' reluctance to fund her due to her lack of finance and the fact that the loan was required to market her service and was not secured. As Kelly described:-

*'I tried the bank they weren't interested in fact I remember the first bank I went for £5000 and he said 'well if you had £5000 I'd give you £5000' and I was saying if I had £5000 that's all I need I wouldn't be here.'*

Kelly, Business Services Entrepreneur

As a result, Kelly was unable to raise the finance that she required and she was pushed into adopting a more high risk financial strategy as demonstrated below:-

*'I mean I mortgaged my house and then actually it didn't work, I had then to sell my flat and downsized, I've got grown up children but they're all 'why don't you just get a job?' But if you are really passionate about your baby, this is my baby, it's my pension, it's everything I've ever dreamed of so.'*

Kelly, Business Services Entrepreneur

Thus Kelly's experience illustrates the disadvantage of operating in the business service sector as due to its intangible nature it is may be more difficult to access external finance as there are no assets against which to secure the finance. Moreover, business services entrepreneurs who can't generate early cash flow encounter more difficult circumstances. However, here the lack of financial caution was driven by the attraction of business ownership.

In general, the pattern that emerged was that the business services entrepreneurs who started with relatively little amounts of finance did so because of the relatively low financial barriers to entry into the sector and their attitude of caution towards finance. Moreover, both male and female entrepreneurs demonstrated this pattern. Notably two of the female entrepreneurs, Kate and Meg, had male business partners with whom they operated their business on an equal basis. Even in these mixed gender teams, the entrepreneurs still adopted a financially cautious attitude. This indicates that this attitude of financial caution was not tied to gender but rather was present amongst both men and women. A much less recurrent pattern was that these entrepreneurs were forced to start with so little because they were unable to acquire more capital. In general, the male and female entrepreneurs started with relatively little amounts of finance and had similar reasons for doing so.

### 8.6.3 The Experiences of the Business Services Entrepreneurs who started with Relatively Larger Amounts of Start-Up Capital

A less prevalent pattern amongst the business services entrepreneurs was starting with a larger sum of capital of between £25,000- £99,999. Again both male and female entrepreneurs were in this category with Emma, Laura, Jenny, Peter and Dan included here. Whilst Emma, Laura and Jenny were satisfied with their start up capital, Peter and Dan were not. Why did these entrepreneurs start with relatively larger sums of capital than their counterparts? The pattern that emerged was that each entrepreneur had their own

reasons that reflected their individual circumstances and these reasons will now be explored.

Emma started with approximately £25,000 after she and her business partner acquired a grant, a non-commercial loan, a small bank loan and their own capital. In a similar manner to the entrepreneurs who started with less than £25,000, Emma also highlighted that due to the nature of their business they could start with a relatively modest amount of capital:-

*'With recruitment its sort of like we needed a computer, tables, chairs, all were second hand the actual outlay with just the two of us and a secretaries salary of eleven thousand pounds a year, we didn't pay ourselves to begin with. So for us it was sufficient just but for anybody else I'd think that's quite an unusual business to not have that much capital cause all of it is here its coming out of your mouth, its people that you're dealing with, you're not having to buy anything.'*

Emma, Business Services Entrepreneur

Therefore although Emma acquired a slightly larger amount of capital, again she emphasised the low barriers to entry of the business services sector. Laura is an interesting case as she started her business with £50,000 - £99,999. Indeed, Laura rejected three offers of investment in her business at the start-up stage, instead selling a small number of shares to a family member before then seeking bank finance to launch her business. Due to the business network she was part of, Laura was able to access corporate banking at the outset of her business and as she described:-

*'I probably accelerated the position of who I was talking to in the bank because I was running the [networking event] that the [Bank] were sponsoring, so it meant that I had access to the corporate banking not the sort of start-up route... with banking you've got certain layers that then you progress into a different account, so I was taken right into the business banking where I shouldn't have qualified for that.'*

Laura, Business Services Entrepreneur

As a result, Laura was able to acquire a significant bank loan to help fund the start-up of her business. After which, as discussed in Chapter 7, Laura was refused a 'Woman into Business' loan for being too well financed. Nonetheless, despite taking a significant bank loan Laura considered herself to be financially cautious, as demonstrated in her quote:-

*'I think that my level of risk taking certainly to finance is much lower than I thought it was originally so I think I think I'm more cautious I like to take risks but I'll take calculated risks. So sometimes if I took more access to finance then maybe I would have taken higher risks but personally I just don't want [to], I find that that'd just give me no sleep at night.'*

Laura, Business Services Entrepreneur

Whilst she considers herself financially cautious it may be that her socialisation in her previous career at a high level with a significant salary means that what she considers

cautious may vary from her counterparts. Hence the concept of financial cautiousness is relative and depends upon the entrepreneur's own perspective.

Jenny's experience of the business service sector was slightly different due to the legal requirement that she hold a certain level of regulatory capital. This meant that Jenny had to start her business with a larger amount of capital £50,000 - £99,999 and to do this she took a large personal loan. Indeed, Jenny was not influenced by an attitude of financial caution but rather by the desire to remain in control of her business, as she discussed:-

*'There's two ways to start a business like this, one is fifty thousand just to have a wee cushion and to have the regulatory capital...or you start it with a million pounds and hire a big team. And if I had raised a million pounds I wouldn't have been in control of it cause I would had external shareholders so I was happy with the fifty thousand pounds and just doing it myself...Control really is the major issue.'*

Jenny, Business Services Entrepreneur

Jenny also had a lot of high level experience in her previous role having led a management buy out of her previous business, therefore she was used to raising relatively large sums of capital and so she was content to personally borrow this amount of money in order to maintain control of the business. Again this demonstrates how different entrepreneurs, even within the same sector, can have different attitudes towards financial risk.

Due to Dan's unique circumstances, where he and his colleagues were buying out his previous venture which had failed, the bank required cash to pay off some of the previous business' debts and thus they started with a relatively large amount of capital of £50,000 - £99,999. However, Dan was not satisfied with his start-up capital but as they were financially cautious they wouldn't access any more, as he described:-

*'We could have done with a lot more but it meant that we had to get more money ourselves and when you were our age, it was twelve years ago, you know all in our middle forties, all with responsibilities...ninety grand was a lot of money.'*

Dan, Business Services Entrepreneur

This lack of capital was problematic and caused problems for the business:-

*'I think it's probably under capitalised, I mean we struggled for the first five years cause we didn't have enough spare cash to help cash flow and doing what we wanted to do.'*

Dan, Business Services Entrepreneur

Finally, Peter is another unusual case as he is a serial and portfolio entrepreneur who aims to create high growth businesses. In total, over his entrepreneurial career, he has raised over a million pounds of finance for his various businesses using a combination of bank

and business angel funding. The £25,000 - £49,999 in Figure 8.1 represents the average of the start-up capital of his two recent ventures. In keeping with his high growth aim, Peter adopted a more high risk strategy in financing his businesses. This strategy is demonstrated in his quote:-

*'Well there are two ways of growing one is organic and one is to raise money...so I've always got finance which is to get the company bigger...you can hire the people before you can afford them so you hire the right people before you can afford them and its focus on sales, sales, sales.'*

Peter, Business Services Entrepreneur

Hence Peter adopts a high risk strategy, seeking higher levels of finance in an attempt to grow his businesses faster. Of the entrepreneurs who started with £25,000 - £100,000 their reasons vary given their different circumstances. Hence for these entrepreneurs their business circumstances and attitudes vary, however, again this dynamic does not vary on the basis of their gender.

### **8.7 The Business Services Entrepreneurs' Business Growth**

Following on from the low barriers of entry to the sector and few requirements for large capital spend, the business services entrepreneurs discussed how the business could be grown largely from cash flow. Again this pattern was evident amongst both the male and female entrepreneurs and as Joy and Ian discussed:-

*'We've always financed everything on cash flow...I know I could pick up the phone at the moment and access finance but that's just because I've got where I've got. I have no idea what it would have been like in those days to do that at the start but once you're successful then people are interested and we've always had a very healthy bank balance, very healthy cash.'*

Joy, Business Services Entrepreneur

*'So assuming you control all your other overheads and assuming you keep the people you've got fully occupied the profit margins are very, very attractive so therefore you don't need a huge amount of finance because you're generating very high margins and my experience has been that you can fund most of your growth requirements in terms of funding through your own earnings.'*

Ian, Business Services Entrepreneur

Hence in some cases the business services entrepreneurs were able to grow their business without having to access external finance, as Emma discussed:-

*'It's quite a cash rich company because it's the type of company when you place somebody you charge the fee and you get the money in, you have temps out all the time and you get money in weekly so you know we've never had to take out any loans basically even with [expansion into another City] we've never had to borrow money.'*

Emma, Business Services Entrepreneur

Mark, aside from having some very small short term loans from family in the first few years, also described how his business had grown:-

*'The business has grown organically, so we have an overdraft facility to make sure that across the month the cash flows ok, but apart from the overdraft facility we have no debt, no finance, no equity its all been financed through organic growth.'*

Mark, Business Services Entrepreneur

Whilst Tom, who did for a short period of time sell shares to another company he eagerly bought them back quickly, summarises the possible advantage of operating in the business services sector:-

*'We've grown extraordinarily well but we've done it very, very carefully... we've combined, I think a great entrepreneurial spirit with a deep financial cautiousness. I mean I don't have an overdraft, I mean I've got a facility but I rarely use it, we keep on hand at any point in time about 1.5 million cash to help us to grow the business...we don't need to borrow anybody else's money, we've got our own money to spend, which is a great way to be.'*

Tom, Business Services Entrepreneur

Thus the possibility exists in this sector of being able to grow organically from cash flow. In fact, the entrepreneurs wear their avoidance of external finance as a 'badge of honour' as Kate stated *'we've never ever owed the bank money...the whole time we've been in business.'* This pride in avoiding external finance may reflect the prevailing Scottish culture of a fiscal conservatism.

In the instances where the business services entrepreneurs did access external finance, they exhibited an attitude of financial caution. For instance, Helen only sought a loan and overdraft facility from the bank in the eighth year of the business trading. Similarly, Meg recounted their thought process before acquiring a bank loan:-

*'We wanted the sort of freedom to grow at our own pace and we were both quite clear about that at the outset. So whilst I think we put in place a very nominal overdraft facility, it was by no means from the point of view of funding and its only really been, we're now into our third year that the business has grown quite substantially that we have created some areas of funding to allow us to grow because we need to grow.'*

Meg, Business Services Entrepreneur

Whilst Dan discussed their reluctance to seek significant external financing:-

*'We have never used a bank for anything other than normal banking, overdraft facilities, short term loans and we have never actively sought any finance outside of that anything that we've done.'*

Dan, Business Services Entrepreneur

Indeed other than bank loan finance, few types of finance were used by entrepreneurs in this sector. For instance, Terry's business grew extremely rapidly and cash flow could not support this growth and Terry was forced to utilise factoring as a method to finance this rapid growth. Kelly was also unable to finance her business from cash flow as she was introducing a new service and she was unable to generate enough cash flow to finance the growth of her business. To help, Kelly sought business angel financing to help fund her business. Whilst Peter, a serial entrepreneur focused on high growth, would consider utilising both bank and business angel finance to fund his businesses growth. Notably no clear patterns of gender differences emerged between the entrepreneurs in the business service sector.

#### 8.6.1 Insight Provided by the Theoretical Lens

Considering the findings through the theoretical lens also helps to provide further insight into the situation. To re-iterate Chapter 4, there is an ongoing debate about whether female entrepreneurs' access to finance is due to discrimination as postulated by Liberal Feminism or if it is due to their socialisation and a lack of confidence to seek external finance as theorised in Social Feminism. The data generated in this research does not support either theoretical perspective but rather indicates a third alternative, whereby the female entrepreneurs' own particular attitude towards finance drives their funding decisions and dictates whether or not they are satisfied with their access to capital. Overlooking the entrepreneurs' own attitude towards finance may help to explain why there is a discrepancy in the current literature. Interestingly this financially cautious attitude is also shared by many of the male entrepreneurs, indicating that this attitude is not solely tied to gender.

Why then do these entrepreneurs exhibit this attitude? A possible explanation for this is offered by the Theory of Effectuation (Sarasvathy, 2001) which adopts a more practical approach towards entrepreneurship, focusing upon the process that entrepreneurs engage in. The lived experiences of the male and female entrepreneurs fits more neatly with this perspective whereby entrepreneurs start their business with the resources that they have available at the time, thereby exploiting their own particular circumstances. The theory then suggests that due to the unpredictable world that is out with the entrepreneurs' control, they then make financial decisions and investments based upon what they can afford to lose rather than what they can expect to gain (Sarasvathy, 2001). Moreover, this notion of 'afford to lose' is highly subjective rather than technical.

It is this perspective that helps to explain why the entrepreneurs in the business services sector by in large, adopt an attitude of financial caution, regardless of their gender. This re-conceptualisation of the entrepreneurial process that views the starting the enterprise as a bottom up, fluid process, whereby the entrepreneur seeks to minimise the costs of failure (Sarasvathy, 2003) provides a good explanation for the entrepreneurs' actions. Indeed, both the male and female entrepreneurs in this sector demonstrate this approach and this indicates the relevance of this perspective to these entrepreneurs and the diminishing explanatory power offered by the two feminist theories to explain the female entrepreneurs' experiences. Attention will now turn to the technology entrepreneurs' experiences of financing their businesses.

### **8.8 The Technology Entrepreneurs**

As illustrated in Figure 8.1, the pattern that emerged was that in general both the male and female technology entrepreneurs started their businesses with larger amounts of capital than their counterparts in the business services sector. It is also interesting to note that in order to obtain these larger amounts of capital the technology entrepreneurs had to seek financing from a wider range of sources of finance. This indicates a clear sectoral difference. The entrepreneurs' narratives were explored to understand why this was the case. Where the technology entrepreneurs less financially cautious with regards to finance than their counterparts in the business services sector or were they pushed into starting with larger amounts of capital because their sector necessitated it?

Upon analysis, different experiences emerged amongst the technology entrepreneurs and this was dependent upon their entry into technology entrepreneurship and the type of product they were developing. Following on from earlier findings regarding the support available to the entrepreneurs, the pattern that emerged was that the technology entrepreneurs' background and subsequent entrance into entrepreneurship influenced their access to financial capital. Again differences emerged between the technology entrepreneurs who had entered from the university environment and those who entered from a commercial background. In keeping with this pattern the results will now be discussed in this order.

### 8.8.1 The Technology Entrepreneurs from a Commercial Background - Access to Finance

The technology entrepreneurs from a commercial background employed two different methods for financing the start-up of their business and developing their product. One method was to offer a consulting service as part of their business in order to generate early income to help finance the development of their technology, which they combined with the use of their own finance. The other method was to finance their new business using the profits from their other businesses. Their strong reliance upon their own sources of finance further illustrates their fewer opportunities to access government grant funding at the start-up stage.

Of the technology entrepreneurs from a commercial background, Ross, Ken, Roy, Joe and Anna all offered a service. For example Ross, after extending his mortgage to start the business, then provided a consulting service and pre-sold the use of the technology to pay for the costs of developing his technology, as he described:-

*'So it's the service and consulting revenue that in the early days supported the [business] and plus the fact that we were able to get people to pre-pay the technology...so that they bought the license fee immediately which helped with cash flow as well.'*

Ross, Technology Entrepreneur

While Ross wasn't satisfied with the amount of start-up capital because it meant that the business grew at a slower rate, nonetheless if he was to start his business again he would still do the same thing. Ken started his business in a similar way, using his own savings whilst also consulting and pre-selling the technology to fund the development of the technology and he was satisfied with his start-up capital. Whilst Roy also offered consulting services to help pay for the development of his technology and at the start-up stage he also took a significant personal loan and used personal credit, as he described:-

*'The [bank] manager said that it's one of the best business plans that he had seen, [but] he said he couldn't give me unsecured finance but he would allow me a second mortgage then he allowed me a personal loan and in order to meet the payments... I regret to say I was making Directors loans with credit card cheques for a while as well...That was the start-up and I reached something like forty or fifty thousand pounds on credit cards.'*

Roy, Technology Entrepreneur

However, in retrospect Roy was satisfied with how he started because he did not wish to have any shareholders involved in his business. Likewise, Joe started with his two business partners and they all borrowed personally against their credit cards and property and took a low cost loan and then gained a small government grant. Although he would

have liked to have had more start-up capital, it was sufficient to allow them to start the business. Then in order to keep their business solvent they also provided a service in developing content for another company and this enabled them to continue to develop their own product. In recounting his experience, Joe described a common problem that entrepreneurs in the sector encounter:-

*'It was just the nature of our market, building a lot of stuff up front and then just getting it to market and selling it so we had a big period of just speculative development creating stuff and product, with nothing coming in, we got the 'work for hire' kind of tied us over quite nicely and then we had cash flow coming in to pay the wages which eased things off a bit.'*

Joe, Technology Entrepreneur

Anna's case is unusual as although she operates in the technology sector she provides a niche service for other technology companies. Thus she was able to start her business with a very small amount of her own financial capital and she was satisfied with her start-up capital stating that *'it served its purpose'*.

The other method amongst these entrepreneurs was to use the profits from their other businesses to pay for the start-up costs of their new businesses and in fact, Sarah, Eve and Brian all did this. Sarah was in the fortunate position that after she sold her second business she had a profit which she was able to use to capitalise her technology business and so she was satisfied with her start up capital. Brian was also satisfied with his start-up capital, using the profits from his existing business to fund his new technology company with a business partner whom he later bought out. Eve also used the profits from her previous business to start her new business which she then supplemented with bank finance and a government grant. She was initially satisfied with her start-up capital however it later became problematic when the development of the software started to take longer than expected. Unfortunately, Eve did not possess the technical skills herself, but rather had to rely on others to develop the product and this led to ongoing problems, so in the interim she started a new sideline business, as she described:-

*'My starting my [other business] it was just you know a way of keeping me from eating my fingers to the bone and hopefully paying some of my expenses.'*

Eve, Technology Entrepreneur

In essence, the pattern amongst the technology entrepreneurs from a commercial background was that they raised money from other sources for example, from another business they owned or by offering a consultancy service to then fund the development of their new technology company. Thus these entrepreneurs relied significantly on their own

financial resources to start their business. Moreover, there were no differences between the processes that the male or female entrepreneurs adopted.

### 8.8.2 Technology Entrepreneurs from the University Environment - Access to Finance

Access to finance for the technology entrepreneurs from the university environment is closely related to the earlier discussion on government support. As discussed, these entrepreneurs could qualify for a range of government grant support. In addition, to grant funding these entrepreneurs were also more likely to acquire equity finance from investors. In many cases the development of their technology was both time and capital intensive and involved a long route to market and this strongly influenced their experience of accessing finance. Both Mike and June emphasised the long route to market inherent in their type of technology business:-

*'It's quite difficult to get investors for an energy technology company in general because the development times are quite long so business angels may want to see their money coming back in three or four years so you need to get some patient investors who will wait that bit longer.'*

Mike, Technology Entrepreneur

*'The development of this kind of technology doesn't happen overnight...you are going to have to go through say three or four years of regulatory approval blah, blah, blah, which lots of VCs are just not interested in that.'*

June, Technology Entrepreneur

Indeed, Sue, Joan, Tess, Mike and Connor were all still in the research and development phase and this to a large extent dictated the types of finance they could access. Similarly, Jack, Rachel and June were still undertaking research and development, although they did have some products available to sell. Notably Connor deliberately selected an area where it was possible to launch a University spin-out with little investment, as he described:

*'One of the main reasons I'm interested in software businesses is that they don't need any money necessarily to make some kind of start. People have time; time equals software...so for that reason it's possible to get to the stage of getting your first customer without borrowing any money or taking in any investment. Now that said, it's not easy and if its possible to get some small amounts of start-up capital in grants so you don't have to give away a great deal of equity then they are always very welcome...so generally given a reasonable amount of work it is possible to get 10, 20, 30 thousand pounds out of Scottish Enterprise and possibly the University for just bits and pieces and we generally used that to get an engineer working full time on making some product.'*

Connor, Technology Entrepreneur

Nonetheless, Connor was not satisfied with his start-up capital as more money at the start could help the businesses to develop faster.

However for the more capital intensive technology development the entrepreneurs sought a wider range of finance. To provide the finance for their enterprises, these entrepreneurs utilised a combination of government grants, investor financing and in some cases their own personal finance. As Jack and Joan described their sources of start-up capital:-

*'The RSE gave me my first money that was about 30k and that allowed me to then progress the business model. I got a SMART award, I got an SE [Region] loan and then from that I got NESTA funding. I got some angel money, investors put money in, the Director put money in. I sold my first house and I put the money in.'*

Jack, Technology Entrepreneur

*'Scottish Enterprise first and foremost, so seed funding from them and then straight really into private high net worth individuals who also brought in Scottish Enterprise National Co-Investment because the seed funding came from Scottish Enterprise [Region] locally which was great. The [Research Institute] also matched a little bit of that we're talking a tiny, tiny amount and then bit by bit we found the right investors just to ramp that up but right at the very outset it was good old SE [Region].'*

Joan, Technology Entrepreneur

Mike started in a similar manner utilising both government grant and investors. Tess also used government grants and government equity investment while June used her own finance, a government grant and an investor and jointly bought some required equipment with the University. Joan, Mike, June and Tess were all satisfied with their start-up capital and although Jack was not satisfied, he did note:-

*'But I got what I got and I've made it last for three years and I think that its been good because I think focusing on making sales no matter how small its good because it does demonstrate that there is a market for your product and I think that I've been very good at and very successful at generating modest income through sales and grant revenues.'*

Jack, Technology Entrepreneur

The importance of gaining early stage sales to prove the credibility of the business was further exemplified in Rachel's case. Here Rachel and her business partner did not launch their business until they were sure they could acquire an early stage income, as she described:-

*'We were in the middle of some negotiations with one of the big [type of company] and to some extent, to a large extent, it hinged on whether we could secure that contract. So if we could secure some early income we thought that we could probably make a go of it.'*

Rachel, Technology Entrepreneur

After successful negotiations Rachel and her partner then launched their business with their own finance and then an investment from two former colleagues and she was satisfied with their start-up capital.

Notably there was no evidence of differences between the entrepreneurs' experiences on the basis of their gender. In fact, Tess remarked that she was able to speak to all the gatekeepers that she required:-

*'Everybody I approached I found it very easy to get to them, whether that was my background or whether that was the people I knew or whether it was genuine, I'm not sure and I think as long as you understand what you're trying to do and as long as you believe in what you're trying to do, then these investors and other people who are in charge of finance will be more approachable. Because obviously I had to prepare an awful lot before I went to meet these people and nine times out of ten every front man or the Gatekeepers of these places are accountants or lawyers and they have no technical background at all, so you have to be very clear and very simple in what you're asking for in the first instance.'*

Tess, Technology Entrepreneur

Again this finding stresses the importance of the entrepreneurs' background before launching their venture and the high level of credibility that these female entrepreneurs possessed in their field. Similarly, Sue was satisfied with her start-up capital as a small venture capital company, provided a significant amount of capital for her business. Sue described the how gained this investment:-

*'They saw what we had done and who we were and what we did and my track record I suppose hopefully as well and at that time we were already in Phase One trials. So we had done, I had taken something right through from the laboratory then through to a Phase One trial which is fairly unheard of in the area at the time anyway so we had a pretty good track record and they knew we could do something and achieve and it was really on that and on the IP.'*

Sue, Technology Entrepreneur

Thus there was no evidence that the entrepreneurs' gender presented an impediment or meant that the female entrepreneurs had a different experience to their male counterparts in the sector. Again the data conveyed a clear sense that if the entrepreneur possessed the relevant work experience coupled with a sound business proposition, they would be able to access the financial support required.

### 8.8.3 The Technology Entrepreneurs' Business Growth

Regarding the growth of the technology entrepreneurs businesses, a pattern emerged whereby entrepreneurs could follow a similar pattern to the business services entrepreneurs and fund the growth of their business through their cash flow. For instance, Ross and Anna described how they financed the growth of their technology businesses:-

*'It's all been grown out of cash flow... we've been very, very good at, at running a company out of cash flow a technology based company.'*

Ross, Technology Entrepreneur

*'We've had no outside money, so it's all been profit reinvested to grow the business.'*

Anna, Technology Entrepreneur

In these cases the entrepreneurs were able to generate sufficient revenue to fund the growth and expansion of their business. Indeed, Ken who had started his business more recently had already gained paying customers for his product and thus he also hoped to grow his business using just cash flow. However, due to the capital intensive nature of operating in the technology sector, the more common method was to seek external finance. For instance, although Sarah and Brian funded the start of their business with the profits from their other businesses, in order to grow they both sought external finance and both acquired Small Firm Loan Guarantee funding from the bank. Sarah also had investments from some small investors. Some entrepreneurs received more formal equity investment, with Rachel acquiring investment from a business angel as well as government grant and loan funding. Joe also received business angel investment and government equity and grant finance. Similarly, Joan described how after receiving seed funding from government she quickly acquired business angel funding and further government equity investment. Roy and Jack received venture capital funding as well as government grant funding.

The entrepreneurs also sought government grant funding to continue to fund the research and development of their product. For example, Sue and Mike received grant funding to develop their product whilst June also continued to receive grant funding as she described:-

*'But we've since got, well we had got a SCIS grant in very quickly a Scottish Enterprise Support Company Innovation Scheme and also a SCORE grant which we actually only took up just over a year ago for various reasons so that's come to an end so grant funding is quite nice to get in.'*

June, Technology Entrepreneur

To fund the continuing development of her product, Eve also gained another small government grant and also has a business overdraft to help fund the business. Similarly, Connor's two businesses were continuing to develop the product and he was seeking government grant funding for one and once the products were developed aiming to generate revenue from them as he was reluctant to seek equity finance before having sales and thus a proven business. Whilst Tess was reaching the end of her initial start-up capital and so she was about to start her second round of financing and she was seeking equity finance to continue to develop her technology.

Hence the pattern that emerged was that by in large, the technology entrepreneurs often had a longer route to market than their counterparts in the business services sector. To fund the often capital intensive development period they sought finance from a wider range of sources and were more likely than their colleagues in the business services sector to seek external equity funding. Again there was no gender difference between the technology entrepreneurs and it was really a case of the entrepreneurs would seek finance from a wide range of sources to help fund their capital intensive businesses. Comparing the technology entrepreneurs often challenging route to market provided no evidence of a gender difference as it was a challenging process for all the entrepreneurs.

From a theoretical perspective, again there was no evidence that the female entrepreneurs experienced discrimination due to their gender and hence Liberal Feminism does not help to explain the findings. Likewise, there was no evidence that due to their socialisation the male and female entrepreneurs operated in a different manner and as such Social Feminism does not provide an insight into the findings. However, the entrepreneurs' wide use of finance at both the start-up and growth stages to fund their capital intensive technology businesses is explained by the Theory of Effectuation whereby entrepreneurs exploit the particular contingencies that are available to them. Thus there isn't a difference on the basis of gender, but rather the entrepreneurs' work with the resources available to them regardless of their gender. Here the Theory of Effectuation which is a practical consideration of the process provides a better account for why the findings occurred.

To summarise, the analysis of the business services and technology entrepreneurs' access to finance produced interesting findings. Previous research has found that generally women-owned businesses are established with less capital than male owned businesses (Rosa *et al.*, 1993; Carter *et al.*, 2001; Shaw *et al.*, 2001; Verheul and Thurik, 2001; Watson, 2002; Marlow and Carter, 2005). For instance, research in the UK reported that male entrepreneurs invested two to three times more on average than their female counterparts (Carter *et al.*, 2001; Fielden *et al.*, 2006) or in another instance nearly four times more than the female entrepreneurs (Marlow and Carter, 2005). However, this was not the case in this research whereby in each sector both the male and female entrepreneurs started with similar amounts of capital.

The crucial role that sector of operation plays in determining the entrepreneurs' financial capital emerged in this research. The influence of sector must not be overlooked when considering female entrepreneurs financial capital. This is particularly important in the

wider entrepreneurial population due to the prevalence of female entrepreneurs in the service sector. The tendency of female entrepreneurs to operate in the service sector and its concomitant requirements for less finance leads to the possibility of skewing the findings of large scale surveys. Thus the nuances of individual sectors must be considered in research design. This finding further emphasises Read's (1998) finding that '*one of the biggest problems in any study attempting to look at the relationship between gender and small business financing is the complexity of the subject and the fact that the financing of small businesses may be affected by many factors other than gender*' (p65).

### **8.9 The Role of Culture in the Entrepreneurs' Attitudes to Finance**

An interesting sub-theme also emerged, where regardless of gender or sector, a number of entrepreneurs were enthusiastic about the lessons learnt from starting a business with relatively little capital. This attitude was demonstrated in the entrepreneurs' narratives, as Ross stated:-

*'I think for a start up using your own money and being boot strapped is a tremendous discipline for a start up. I remember we were around in the dot.com boom where people used to look at us and kind of scoff 'you could be an A listed company, you've got great ideas, you've got great potential' none of those companies exist anymore. Yet we've gone on to grow and grow, so some of that discipline I think is good.'*

Ross, Technology Entrepreneur

Similarly, Ken thought that if he had had more money at the start he might have done the wrong thing and ended up with a worse commercial model than the one he was forced to develop. Interestingly, Joe thought that perhaps it should be financially difficult for the entrepreneur at the start, as it helps them to learn about the business and it also ensures that the business is truly viable and can survive without outside intervention. Tom also raised this point, highlighting how people can waste a lot of money on poor business ideas and that the lack of finance prevents this from occurring.

Female entrepreneurs from both sectors also proffered similar views. For instance, Kate believed that starting with little funding was a good lesson to learn not to be reckless with funds as she discussed:-

*'It taught us a lot about living within your means and we've always had a very strong feeling that we shouldn't spend more than we have unless you know its unavoidable, so it started us off in the right frame of mind to not be, how would I say it, reckless with funds.'*

Kate, Business Services Entrepreneur

These sentiments were echoed by Kelly, who believed that if you have to struggle you are more cautious with the funding that you have. Sue also criticised technology businesses that acquire venture capital funding and hire numerous staff mistaking this for growth when in fact that is not the sign of a sound business growing. Instead she stated that they had adopted a Scottish work ethic and had not wasted any money in their business. Similarly, Joy cited the temptation that starting with a lot of capital would bring, such as buying things for the business that were not necessary and again mistaking these outward trappings of success for a sound business. Thus a lack of finance may act as discipline to produce better businesses.

It may be that this thread in the findings reflects the prevailing culture in Scotland of fiscal conservatism, as discussed in Chapter 2. Indeed, Kelly and Ian both pondered their Scottish upbringing during the interview as a possible explanation for their attitudes towards finance, as they discussed:-

*'I wonder if that is partly entrenched in my upbringing because it was always like you've got to fund yourself...this ethos of my upbringing was don't be beholden to anybody.'*

Kelly, Business Services Entrepreneur

*'In terms of not wishing to run an overdraft facility with the bank to be honest that stems back to the way I was brought up as a boy you know. I was brought up in a working class household where, you know, we never bought anything, my mother and father never bought anything on tick, they didn't well, if they wanted something they saved up for it and then paid the money so they were never in hock to the bank, they were never in hock to finance companies and that was very much an ethos that was kind of burned into my senses from a very early age. I've always been very responsible... with money.'*

Ian, Business Services Entrepreneur

This is an interesting sub-theme and whilst not all the entrepreneurs were originally from Scotland, they now all live and work here, and it is interesting to ruminate on the influence of the predominant culture of financial conservatism upon the entrepreneurs. Another interesting finding in this vein was the respondents' perceptions of the access to finance for entrepreneurs in Scotland. This question was specifically included to help understand their perception of the Scottish situation. The entrepreneurs held strong views on this subject and key words from their responses are detailed in Figure 8.2:

Figure 8.2 Key Words Describing the Entrepreneurs' Opinions of Access to Finance in Scotland

<b>Male Technology Entrepreneurs</b>	<b>Female Technology Entrepreneurs</b>	<b>Male Business Services Entrepreneurs</b>	<b>Female Business Services Entrepreneurs</b>	Negative
Struggle (Brian)	Problematical (Eve)	Really difficult (Dan)	Very difficult (Jenny)	
Awful (Ross)	Very difficult (Anna)	Less available in Scotland (Tim)	Difficult to access (Kelly)	
Risk averse (Mike)	Public finance poor, private don't know (Sue)	Pretty poor (Mark)	Aimed at younger people (Meg)	
Public sources useless (Ken)	Not very good (Joan)	Must have track record (Terry)	Not clear at the start (Emma)	
Could do better (Jack)	Investment terms too aggressive (Tess)	Not that good (Ian)	Rubbish (Helen)	
There's a gap (Connor)	Need to know where to look (Sarah)	Too focused on ideas (Tom)	Changing (Laura)	
Gap between start up and investment (Joe)	Pretty good (June)	Changing (Luke)	Easier with track record (Kate)	
Money available from overseas (Roy)	Good range of funds available (Rachel)	Gap for the first £20,000 (Peter)	Don't know, don't need it (Joy)	

Figure 8.2 demonstrates how access to finance in Scotland is often viewed negatively by the entrepreneurs. Moreover, both male and female entrepreneurs express negative judgements and so these opinions aren't tied to the entrepreneur's gender. Nor are these judgements closely related to the entrepreneurs' own direct experience. For instance, entrepreneurs could be satisfied with their own experience of financing their business and yet still have a negative perception of the access to finance for entrepreneurs in Scotland. This may reflect the role of culture as discussed in Chapter 2, and previous findings of the inherent tendency of people in Scotland to have a less positive outlook of access to finance than people elsewhere in the UK. This is a cause for concern because it could be hoped that these entrepreneurs could act as role models for other potential entrepreneurs and extol the possibility of launching a business in Scotland and thereby help encourage the development of a more enterprising culture.

A further potential problem is that this research was conducted during 2007 and early 2008 and before the full effects of the recession had taken hold. It was still during what, King (2008) described, as the ‘NICE’ decade, that is the ‘*non-inflationary, consistently expansionary*’ decade of the economy. Indeed, it was the easy availability of finance that contributed to the ‘boom’ in the economy and the subsequent ‘bust’. The negative attitudes that the entrepreneurs held at what was essentially, the end of the ‘boom’ years, imply that current attitudes during the ‘bust’ years may be even more negative. Again as discussed in Chapter 2, these negative attitudes may contribute to the enduring lower business birth rate in Scotland than in comparable countries.

### **8.10 Conclusion**

Upon analysis, the respondents’ experience of the entrepreneurial process emphasised the similarity of the entrepreneurs’ experiences regardless of their gender. Rather than their gender, the key factors influencing their experiences were the sectors in which they operated their business in and their background before they launched their business. These two factors to a large extent, explained the differences between the entrepreneurs’ experiences.

## CHAPTER 9

### CONCLUSION

#### **9.1 Introduction**

The purpose of this chapter is to draw together the key findings and to reflect on the insights gained, in order to better understand the role of gender in the entrepreneurial process. In doing so, this research aims to contribute towards the calls for further research into female entrepreneurship to help answer the many unresolved questions (Brush, 1992; Rosa and Hamilton, 1994; Holmquist, 1997; Mukhtar, 1998; Greene *et al.*, 2003; Menzies *et al.*, 2004; Alsos *et al.*, 2006).

This research focuses specifically upon the experiences of entrepreneurs in Scotland to shed more light on the situation and to understand if and what differences occur as a result of gender. By comparing and contrasting the experiences of both male and female entrepreneurs, the research allowed common experiences or those attributable to gender to be identified. Considering the experiences of entrepreneurs in the business services sector and the technology sector, two diverse sectors, also enabled any *intra*-gender differences to be recognised.

The research utilised a qualitative, phenomenological approach to allow an in-depth understanding of the lived experiences of the entrepreneurs to be gained. Moreover, by taking care not to lead respondents to describe their experiences in the context of their gender, the respondents were afforded the scope to discuss their authentic experiences of entrepreneurship. In essence, the research question was:

*‘Are there differences in male/female entrepreneurship and what theories offer the best explanation?’*

Adopting a theoretical orientation allowed possible explanations to be developed to help meet Gartner and Birley’s (2002) call for qualitative research that *‘goes beyond description to providing explanation’* (p393).

## **9.2 Overview of the Findings**

The respondents discussed the entrepreneurial process in-depth and through the inclusion of both the male and female entrepreneurs, it transpired that many of these experiences were common to the entrepreneurs, regardless of their gender. A strong permeating theme throughout the research was the similarity between the entrepreneurs in each sector. Indeed, the female entrepreneurs often shared more common experiences with the male entrepreneurs in their own particular sector, than they did with the female entrepreneurs in the other sector. The research yielded a number of interesting insights which may help to untangle some of the mixed and often contradictory findings in the literature. These insights include the comparative experiences of male and female entrepreneurs, the role of era, the presence of intra-gender differences and the earlier role of gender. These insights will be discussed in turn. The research also raised theoretical issues, in particular the limited theoretical purchase provided by Liberal and Social Feminism and the explanatory power offered by the Theory of Effectuation and these insights will be discussed in depth. A further theoretical issue also emerged and this was the inherent difficulty in both defining and categorising entrepreneurship and this will now be discussed.

### **9.2.1 The Difficulty in Defining and Categorising Entrepreneurship**

The research shed light onto the ongoing difficulty in defining and categorising entrepreneurship. The emergence of entrepreneurial teams, the existence of portfolio and serial entrepreneurs and shifts in the ownership of the businesses, further stressed the individual nature of each entrepreneur's journey. Indeed, these findings support Gartner's (2008) stance that '*Variation is, inherently, a fundamental characteristic of entrepreneurship*' (p359). Moreover, it became apparent through a fine grained analysis of the data, that commonly used categories such as novice and portfolio entrepreneurs and entrepreneurial teams had limitations in their definitions. Labelling and categorising entrepreneurs risks masking how respondents engage in entrepreneurship and hiding aspects of their own individual experience. Indeed the caveats that emerged when attempting to categorise the respondents, emphasise how important it is to be cognisant of the variations in the entrepreneurial process. Thus when quantitative studies adhere to these categories to enable statistical analysis of the data to occur, the result is that these nuances may be lost or glossed over in the analysis. This is problematic as some of these nuances are potentially powerful explanations in themselves. However by adopting a qualitative approach and presenting a fine grained account of the respondents and their

experiences, these nuances emerge and these aspects are brought to the fore. In this way a conceptual and methodological contribution is made as well as strengthening the analysis.

A further finding of this research is that business ownership is both complex and dynamic, with ownership and entrepreneurial teams shifting over the life of the business, as the entrepreneur adapts to changing circumstances. These nuances in business ownership were revealed as entrepreneurs discussed the changes in business ownership in their narrative. One result of this shifting nature of ownership is that categorising women as female entrepreneurs or not, solely on the basis of a percentage of ownership of a business at a particular point in time, may be a rather arbitrary proxy for entrepreneurship with limited explanatory power. The identification of the shifting nature of business ownership re-conceptualises the notion of business ownership, presenting it not as a simple marker or demographic background detail of the business, but rather as a source of capital itself. Indeed, the capital offered by business ownership offers the entrepreneur a further bargaining tool which they can use to help their firm.

This finding provides support for adopting a more philosophical approach to defining the entrepreneur and following Bruyat and Julien's (2000) definition, that anyone who creates a new innovation or organisation that is, the person without whom the value would not have been created, is an entrepreneur. Following this definition would ensure that the experiences of many entrepreneurs are not overlooked and excluded due to the use of a simplistic marker for defining entrepreneurship.

Thus the conceptual insight that emerges from the findings is the difficulty in developing labels and categories which accurately reflect the entrepreneurs' experiences. This links back to and provides further support for, the difficulties encountered in defining the entrepreneur as discussed in Chapter 3. The inherent variation between the experiences of entrepreneurs, renders entrepreneurship difficult to define and illustrates the ongoing difficulties that academics encounter in attempting to reach a common definition for the term 'entrepreneur' (Wortman, 1987; Low and MacMillan, 1988; Gartner, 1990; Bygrave and Hofer, 1991; Shaver and Scott, 1991; Gartner *et al.*, 1992; Amit *et al.*, 1993; Brazeal and Herbert, 1999; Shane and Venkataraman, 2000; Sarri and Trihopoulou, 2005). In essence, defining the entrepreneur and ascribing labels to their experience is fraught with difficulty due to the unique and diverse nature of each entrepreneur and their individual entrepreneurial process and researchers must be cautious and avoid attributing labels which mask or hide their experiences.

### 9.2.2 The Comparative Experiences of the Male and Female Entrepreneurs

The inclusion of both male and female entrepreneurs in the research enabled a comparison to be undertaken. Indeed the male entrepreneurs and their experiences provided a useful barometer with which the female entrepreneurs' experiences could be compared. Thus the male entrepreneurs helped to illustrate if the issues encountered were gender specific issues or just general entrepreneurial issues. A common criticism of previous research is many studies do not include male entrepreneurs (Brush, 1992), resulting in a lack of studies that compare the experiences of male and female entrepreneurs (Riding and Swift, 1990; Kalleberg and Leicht, 1991; Brush, 1992; Read, 1998; Mukhtar, 2002). Moreover, the lack of male entrepreneurs in research studies makes it difficult to understand if the difficulties that female entrepreneurs encounter are due to their gender or rather are issues that all entrepreneurs encounter (Riding and Swift, 1990; Fischer *et al.*, 1993; Fabowale *et al.*, 1995). Therefore by including male entrepreneurs in this research, comparisons could be drawn and a more comprehensive exploration of the pertinent issues engaged in.

In practice, the inclusion of the male entrepreneurs helped to highlight the importance of the sector in which the entrepreneur operates their business, and how this plays a key role in the shaping their experiences of the entrepreneurial process. This was to the extent that the entrepreneurs' experiences were often more akin to other entrepreneurs in their sector, regardless of gender. As discussed in the literature review, gender relations are changing and these changes are encapsulated in Walby's (1997) quote that *'fundamental transformations of gender relations in the contemporary Western world are affecting the economy and all forms of social relations'* (p1). These changes impact upon the experiences of the female entrepreneurs and the parameters of society in which they operate. The female entrepreneurs in this research epitomise these changes possessing similar levels of human, social and financial capital as their male counterparts in their particular sector. Thus the male and female entrepreneurs in each sector possessed similar levels of education and work experience. Moreover, they were able to access similar networks and seek advice from similar sources. For instance, the entrepreneurs in the business services sector, both male and female, were unable to gain as much support from government sources as their male and female counterparts in the technology sector. Within the technology sector, access to this support was further delineated by entrance into the technology sector with those from the University environment able to access more support, however, again this did not vary on the basis of gender. Similarly, male and female entrepreneurs from the business services sector utilised similar sources of financial

capital whilst those in the technology sector, both male and female, also accessed similar sources of capital.

Thus the inclusion of the male entrepreneurs and the emergence of sector as a key factor had important ramifications. Research into gender must be interpreted cognisant of the influence of sector in operating decisions, as what may at first appear to be a gender issue, could in fact merely reflect the norms associated with that particular sector. For instance, female entrepreneurs starting with small amounts of finance in the business service sector, was not a reflection of a gender issue, but rather reflects the possibility of launching a viable venture in this particular sector with very little capital. The similarities between entrepreneurs in similar sectors, regardless of their gender, provides support for Baker *et al.*'s (1997) argument that because male and female entrepreneurs are subject to similar institutional and economic structures when they create similar types of businesses they will behave similarly.

Moreover, the male entrepreneurs were also an interesting group in their own right. Although gender did not emerge as an issue for the male entrepreneurs, this finding fits with the view in the literature that entrepreneurship is normally associated with men, hence when men participate in entrepreneurship they do not consider their gender as this adheres to commonly ascribed gender notions. Nonetheless, it was notable that challenges that are traditionally considered female challenges such as, combining work and home life were also in some cases experienced by male entrepreneurs. This finding conveys the possibility that the perspectives of men and women are moving closer together as society changes.

### 9.2.3 The Role of Era

Where gender did emerge as important was in the role of era. The findings from this research emphasise the importance of acknowledging the impact of era on female entrepreneurs' experiences and perceptions of gender issues. Society is constantly evolving and so too is the role and influence of gender. For the female entrepreneurs who had begun their entrepreneurial career in an earlier era, gender was woven into their discussion of their experiences, shaping their world view through which they described their experiences. In contrast, for those who entered entrepreneurship in the current era, gender did not provide the paradigm through which they viewed their experiences and this reflects the ongoing changes in society. By analysing the female entrepreneurs'

articulation of the role of gender, this research offers a contribution to knowledge by helping to map the impact of era and the changes in women's experiences. Indeed, the findings reflect the overall changes in women's position in society as detailed in Chapter 3. Thus as the role of women in society has changed over time, so too has women's experience of entrepreneurship. Furthermore, considering the findings of gender research in the context of era may even help to unravel some of the contradictions in the literature, helping to explain why gender is more of an issue for some female entrepreneurs than others.

#### 9.2.4 Intra-Gender Differences

Prior research has found that female entrepreneurs are not a homogeneous group (Holmquist, 1997; Warren and Walters, 1998; McGregor and Tweed, 2002; Marlow and Carter, 2004; Sarri and Trihopoulou, 2005; Constantinidis *et al.*, 2006; Hill *et al.*, 2006). Nevertheless, female entrepreneurs are still often grouped together as one category, with their gender as a standard explanatory factor. In fact, differences between women have been under-emphasized (Mirchandi, 1999) or often even ignored (Haines *et al.*, 1999; Hill *et al.*, 2006).

This research contributes towards exploring intra-gender differences. The inclusion of the technology sector, a non-traditional sector in which only 8% of the entrepreneurs in Scotland are female (Scottish Enterprise, 2005) and the business services sector, a sector in which female entrepreneurs are prevalent, permitted possible intra-gender differences to come to light. The differences between the female entrepreneurs in their motivation, educational background, previous work experience, use of networks, financial capital and access to government support, clearly demonstrates the presence of intra-gender differences. A key finding of this research is that female entrepreneurs are not a homogenous group and to consider their experiences as a single entity group overlooks these important differences. The patterns that have emerged in this research demonstrate the plurality of female entrepreneurs' experiences.

Furthermore, by drawing attention to the different attitudes that the female entrepreneurs exhibited, a Three Strand Typology was developed which helped explain the female entrepreneurs' differing attitudes. Three different conceptual categories emerged, namely the categories of 'Distancers', 'Non-Perceptors' and 'Pragmatists.' Here the women adopted very different strategies to manage the impact of their gender and this varied

between the women due to their sector and background. This is something that is often overlooked in current research and more credence should be given to its impact.

Thus this typology makes an original contribution by offering a framework through which the heterogeneity of female entrepreneurs can be explored further. Moreover, by identifying different attitudes and drawing attention to their existence, this framework contributes to the gender debate by highlighting new ways of how women are dealing with the issue of gender and how they enact entrepreneurship. This helps to theorise and explain why intra-gender differences are present. In doing so, this contributes towards the calls for research that attempts to examine the possible differences between female entrepreneurs (Sonfield *et al.*, 2001; Marlow and Patton, 2005; Hill *et al.*, 2006; Lewis, 2006) and theorise *why* female entrepreneurs are not a homogeneous group (Gunnerud Berg, 1997).

#### 9.2.5 Earlier Role of Gender

Despite the relatively marginal role of gender in these findings, the researcher is not wholly negating its role. Interpreting these findings suggests that whilst gender did not emerge as a key factor it does have an influence however this is at an earlier stage in the process. Therefore it is argued that gender exerts its strongest influence at earlier stages specifically, in educational choices and early work experience which shape women's career paths and lead them to participate in certain sectors.

This was demonstrated when the researcher encountered the obstacle of the lack of women in the technology sector and this resulted in the concern that there would not be enough women who would be willing and able to participate in the research. The low number of women operating technology businesses reflects the lower numbers of women studying science, engineering and technology subjects in education which then determine women's subsequent career paths. The gendering of certain types of businesses was further accentuated, when the researcher could not find any female entrepreneurs in the oil and gas sector to interview and this sector had to be abandoned. Thus there are still hurdles to overcome in encouraging more women to enter the science, engineering and technology sector and sub-sectors such as the oil and gas industry.

However, it appears that if women reach the stage of entrepreneurship and launching their own business, they have dealt with gender issues at an earlier stage and surmounted many

of the possible impediments. Thus they have built up the credibility and expertise required to be viewed as experts and the possible influence of gender is minimised and this may be why it does not emerge in their narratives. Hence the role of gender can be conceptualised as exerting its strongest influence at an earlier stage in the entrepreneurial cultivation process.

The findings of this research provide hope that if women can reach the stage of launching their venture their gender will not present a major barrier. In many cases, the impression that the reader gains from the literature about female entrepreneurs, is that the female entrepreneur is a disadvantaged figure with less access to the required resources. However, this was not the case in this research where the female entrepreneurs were 'go getting' and able to access the resources that they required. As the finding about the role of era has emphasised, the situation is dynamic and perhaps the image of the female entrepreneur has not kept up with the pace of change and the reality of the more confident and outgoing female entrepreneur. Interestingly, one strength of the methodology employed, was that by not mentioning gender, the views of female entrepreneurs who would normally avoid gender research were captured and this produced insights that often go unheard.

#### 9.2.6 The Theoretical Lens

Research into female entrepreneurship has been critiqued for failing to engage in theory building (Brush, 1992; Read, 1998; Carter *et al.*, 2001) or utilising the theory generated by feminist thought (Mirchandi, 1999). A key contribution of this research is the utilisation of three theoretical lenses to gain a better understanding of what was occurring. Given the wide range of findings in the literature regarding the role of gender in entrepreneurship, the Liberal and Social Feminist theories provided a framework through which to analyse the findings of previous research. Thus in Chapter 4, these theories provided a way to help understand the differences found in the previous literature. However, in undertaking the literature review and analysing the findings through the two theories it became apparent that neither theory could adequately explain all the findings.

Thereafter upon analysing the findings of the fieldwork, it became further apparent that the explanation provided by the two theories was limited. This was because the key strength of these two feminist theories is offering explanation by comparing the experiences of men and women. However, in this research where few gender differences were found between

the male and female entrepreneurs' experiences, these theories provided little insight. Intrinsically the premise of the Liberal and Social Feminist theories is that the experiences of men and women are different and in this case, when this did not occur, the theories could not provide an explanation for the findings.

Whilst in early research comparing the experiences of men and women provided insight into female entrepreneurship, a phenomenon which hadn't been researched before, to ensure that the field keeps moving forwards it is important to ensure that the theories remain current. Thus as the experiences of female entrepreneurs continue to evolve, it is important that explanatory theories keep pace, in order to reflect and explain their experiences. Thus the limited insights provided by the Liberal and Social Feminist theories may reflect the fact that while they provide useful theoretical building blocks, they are perhaps less relevant in explaining the experiences of contemporary female entrepreneurs. In short, their focus on merely comparing the experiences of men and women renders them less relevant. The requirement for the field to continue to develop is emphasised by Marlow *et al.* (2009) who called for new insights to help advance the body of knowledge:

*'In order for the field to develop further, there is a continued need for both qualitative and quantitative studies to look beyond preconceived notions of gender in relation to new venture creation and business growth, challenging our thinking and offering new and potentially controversial perspectives.'*

(Marlow *et al.*, 2009, p145)

In practice it may be the case that as society changes, so too do the explanations for what is occurring and as a result the Liberal and Social Feminist theories may now be less helpful in providing an explanation. Although good theories should not be time dependent, it seems that in this instance, the findings indicate that the feminist theories are contingent on the prevailing circumstances at that time. Hence while they help provide understanding of the issue of era, they are less relevant in explaining why there are so few differences between the male and the female entrepreneurs. Thus the changes in society and the social construction of gender mean that their explanatory power has become very limited.

By turning to another entrepreneurial theory, the Theory of Effectuation, deeper theoretical insight can be gained. For instance, the findings regarding entrepreneurs and motivation are illuminating as the entrepreneurs, regardless of their gender, entered entrepreneurship in order to fulfil their aspirations. Thus there was little support for the Liberal or Social Feminist theory as their motivations did not vary on the basis of their gender. Rather

whilst some entrepreneurs engaged in entrepreneurship to escape unsatisfactory employment situations, others entered in order to utilise their skills, pursue ideas and fulfil their ambitions. Here both the male and female entrepreneurs adhered to the Theory of Effectuation acting as ‘effectuators’ who were motivated to engage in entrepreneurship in order to fulfil their own goals. Similarly, in exploring the entrepreneurs’ acquisition and use of resources to enable them to engage in entrepreneurship, both the male and female entrepreneurs demonstrated acting as ‘effectuators’ utilising the contingencies available to them at the time to develop their businesses. Hence by envisaging entrepreneurship as a process and considering the decisions that the entrepreneurs make from this standpoint, a clearer understanding of the findings can be gained. To the best of the researchers’ knowledge, the Theory of Effectuation has not been applied to gender research before, yet it could offer a potentially rich insight in future research.

Notably Orser *et al.* (2010) have called for a new ‘*feminist entrepreneurship theory*’ (p951). Whilst this new theory is nebulous at the moment, this research may contribute by illustrating the possible limitations of including Liberal and Social Feminism when they may be time bound theories. This research also draws attention to the strength of the Theory of Effectuation for helping to understand the entrepreneurial process. Thus this research may provide some early thoughts that can contribute to the shape of the new theory that Orser *et al.* (2010) call for. When seeking to develop a new theory this research also illustrates the strength of qualitative research in bringing to light the nuances and subtleties of the entrepreneurs’ lived experience which can help inform new theoretical thinking.

### **9.3 Contribution of the Thesis**

This research makes a number of contributions to knowledge, including a contribution to theory, practice and methods and these areas will now be discussed in more detail.

#### **9.3.1 Contribution to Theory**

As emphasised in the previous section, the research makes a contribution to theory, specifically a new contribution to understanding gender in entrepreneurship. By analysing the research findings through three theoretical lenses and drawing attention to the explanatory power of the Theory of Effectuation in research on gender in entrepreneurship, a contribution is made.

This contribution was developed by undertaking a comprehensive review of the extant literature, and analysing the findings through the two different theoretical lenses proffered by Liberal and Social Feminism. These lenses provided insight, illuminating areas where they did explain the findings but also in drawing attention to areas where they could not offer a comprehensive explanation. By juxtaposing the findings in the extant literature and offering explanations from these theories, the strengths and weaknesses of the theoretical lenses were considered. Whilst different findings in the literature gave credence to both the Liberal and Social Feminist theoretical stances, neither was able to explain all the findings. Nonetheless, this exercise provided a useful starting point for helping to understand the role of gender in entrepreneurship and the different areas it encompasses.

Upon undertaking the fieldwork and analysing the resultant data, it became clear to the researcher that again in this instance, neither the Liberal nor Social Feminist theories could adequately explain all the findings. The ambiguity that remained necessitated the consideration of an alternative theoretical paradigm to provide further insight into the situation. This prompted the researcher to look for another theoretical stance that could help to better explain the findings. Here the challenge posed by Orser *et al.* (2010) was relevant:

*'Scholars are encouraged to concurrently examine how entrepreneurship theory might better inform feminist thought and how feminist thought might better inform entrepreneurship theory.'*

(Orser *et al.*, 2010, p951).

In this case, theoretical traction was provided by the Theory of Effectuation which best helped to explain the findings. By encouraging the theoretical conception of entrepreneurship as a process, rather than looking solely at the outcomes, greater understanding was offered. Sarasvathy's (2001) Theory of Effectuation, proposes a practical approach towards entrepreneurship, proposing that entrepreneurs start their venture with three types of 'means', that is they know who they are, what they know and whom they know. It is with this knowledge that the entrepreneurs go on to develop their business. Indeed, this is how the male and female entrepreneurs acted sourcing and procuring the resources available to them and this process didn't vary by their gender but rather by their sector of operation and background. Thus as Sarasvathy (2001) posited, the entrepreneurs exploited the contingencies that were open to them in their own particular circumstances.

Thus this research has helped contribute towards the calls for entrepreneurship research to become more theory driven (Davidsson and Wiklund, 2001) and embedded in conceptual frameworks (Marlow *et al.*, 2009). In particular, there is a lack of theory in the field of gender and entrepreneurship research (Stevenson, 1986; Brush, 1992; Read, 1998; Mirchandi, 1999; Carter *et al.*, 2001) and by adopting a theoretical stance this research has helped to contribute to this area.

### 9.3.2 Contribution to Practice

The research also offers a number of practical contributions, with a number of recommendations emanating from the research, particularly in the sphere of government support. Given the difficulty that the researcher encountered in identifying enough female entrepreneurs in the technology sector to take part in the research, it is clear that there is still progress to be made in terms of attracting more women into 'non-traditional' business sectors. Moreover, with the identification of the key role of gender at the earlier stages in women's education and careers it is imperative that there are more initiatives to encourage young women to study science, engineering and technology subjects.

By setting women on these particular career paths it will encourage more women to subsequently enter entrepreneurship. This research indicates that once women acquire the necessary education and work experience they are able to successfully make the transition into entrepreneurship and so in order to gain more female entrepreneurs in this sector, steps must be taken at the very early stages as this filters through into the number of women available to engage in technology entrepreneurship.

The research also emphasised how when offering practical support to female entrepreneurs, support packages should avoid and restrain from engaging in overt gender labelling. Government support for entrepreneurs is welcomed but in its present format there is a need to rebrand and drop the label 'women only' as this dissuades some female entrepreneurs from even attending in the first instance. Interestingly, a clear benefit of the government support in encouraging academics to participate in entrepreneurship is that it has the indirect effect of encouraging women from academia to participate in entrepreneurship. In fact, this type of support is well received by these female entrepreneurs who may not have considered engaging in entrepreneurship before. This further emphasises the practical benefit of offering government support but avoiding labelling it as specifically for women.

Finally, practical support that is specifically tailored to the needs of business services entrepreneurs could be beneficial. These entrepreneurs make a significant contribution to the Scottish economy, in both employment and revenue terms. However, they struggle to receive the support they would like from government organisations. More targeted support for business services entrepreneurs, that is specifically designed and tailored to meet their needs, could help them grow and further increase their contribution to the economy.

### 9.3.3 Contribution to Methods

This research also makes a contribution to knowledge through the methodology selected. By not directing the data collection towards gender and allowing the entrepreneurs to describe their lived experiences, the data collected was 'naturalistic' in nature. In doing so this heeds the need for caution, noted by Wilson and Tagg (2010) that '*we must also avoid research methods that draw on stereotypes of differences between men and women as entrepreneurs or business owners that potentially reify and distort differences*' (p79). By not framing the questions in terms of gender, this ensured that stereotypes of male and female entrepreneurs were not simply replicated. Leading questions are also a problem in gender research (Riding and Swift, 1990) and again the methodology selected prevented this problem from occurring.

The methodology also avoided encouraging the participant to consider their experience in terms of gender which may raise the level of gender discrimination reported amongst the participants (Carter and Cannon, 1992) by sensitising respondents to the issue of gender and discrimination (Read, 1998). It also ensured that social desirability, whereby the participants may feel obliged to tell the interviewer what they assume they want to hear, was avoided. Again this helped to prevent gender sensitization, which may occur in qualitative interviews and arguably can lead to respondents defining their problems as gender issues (Carter and Rosa, 1998). Thus in order to prevent these problems from arising, the researcher decided not to inform the respondents that the research was interested in gender. This decision also allowed more 'naturalistic' data to emerge where the entrepreneurs could raise the issues that were important to them. By avoiding leading respondents towards gender, they were able to discuss the issues that were of interest to them and a more natural account of their entrepreneurial experience emerged.

Nonetheless, all research methodologies in entrepreneurship involve trade offs (Smith *et al.*, 1989) and it could be argued that by not specifically asking the entrepreneurs about

gender they didn't raise the issue. However, the researcher considered this from the outset and the pilot study allowed the researcher to trial the chosen methodology. During the pilot study the entrepreneurs did raise the issues that were of interest to them, including in some cases unprompted, the issue of gender. This indicated that the entrepreneurs would raise issues that were of interest to them. Moreover, during the research study the differences that emerged between female entrepreneurs on the basis of the era in which they operated their business, further indicated that the entrepreneurs did raise the issues that were important to them and their entrepreneurial experience.

Thus by adopting a phenomenological approach and exploring the entrepreneurs' perspectives, the researcher has contributed towards Gartner's (2008) calls for further research into entrepreneurs' stories, as he states:

*'So, I believe the current challenge is to pay attention to the stories that entrepreneurs tell about themselves, in the present, as to how their views of their past, present, and future are seen and then acted upon in their day-to-day lives' (p360).*

Hence by adopting this approach, the research has helped to add to the body of knowledge and further the understanding of entrepreneurs and the entrepreneurial process in the Scottish context.

#### **9.4 Limitations of the Research**

As is the case with all research, the research design leads to inherent strengths and weakness, as such the research has a number of limitations and these have been discussed throughout the thesis. One limitation of the research is that it is exploratory in nature. The strength of exploratory research is it focuses on little understood phenomena helping to identify hypotheses for further research (Marshall and Rossman, 1995). Given the lack of consensus on the role in gender in women's experience of entrepreneurship, an exploratory approach was necessary. However, the disadvantage of exploratory research is the lack of generalisability of the findings and that the themes developed require testing in different contexts (Anderson, 2000).

Thus in order to gather the rich material (Stevenson, 1990) which could provide a 'thick description' (Ghauri and Gronhaug, 2002) of the situation, the sample was small in numbers and attention was focused upon two sectors. This approach offered the benefit of in-depth insight and through the analysis of the data, new concepts such as the Three

Strand Typology emerged which helped to increase understanding of the phenomenon. Nonetheless, the researcher is cognisant that given the exploratory nature of the research and the heterogeneity of female entrepreneurs as discussed in Chapter 3, Section 3, the typology may not explain all female entrepreneurs' experiences in all contexts and this caveat must be borne in mind. Still the typology does represent a useful starting point from which further research can build upon the findings in different contexts.

It would also be particularly pertinent to explore the experiences of female entrepreneurs in different sectors, as one finding of this research was the strong influence of the sector of operation upon the female entrepreneurs' experiences. Due to the strong influence of the sector of operation, the findings may not be directly applicable to other sectors. However, these sectors were selected because of their importance to the Scottish economy and because they helped to juxtapose the experiences of female entrepreneurs in a traditional sector and a non-traditional sector. Therefore further research into other sectors may be useful and of interest.

The research is also geographically bound exploring the experiences of entrepreneurs in Scotland and with the prevailing influence of Scottish culture this may render the results less relevant for other countries. Again however this was of interest due to the particular facets of the Scottish economy which make it an interesting case for study. There are also calls for more entrepreneurship research to consider specific geographic regions to help broaden the base of knowledge. Indeed, Diana International a group of researchers focusing on gender and entrepreneurship, are investigating how country factors influence women-led ventures (Gatewood *et al.*, 2009) and as such research that focuses on specific countries is timely.

Finally, the research also occurred at a particular time and the prevailing macro-economic context at the time may also have influenced the results. Nonetheless, with the unprecedented turmoil in the global economy which has occurred since the research was undertaken, the research and the attitudes of the entrepreneurs may offer useful insight to perspectives prior to the turmoil and may provide a useful benchmark against which the attitudes and opinions of entrepreneurs may be compared to in the future.

## **9.5 Key Areas for Future Research**

As discussed in the preceding section, given the exploratory nature of this research, further areas of potential research interest have been identified. One area of potential research interest is the role of entrepreneurial teams in practice. Entrepreneurship is often conceptualised as a solo endeavour but the existence of entrepreneurial teams questions this conceptualisation. Consequently further research is required specifically into how these teams manifest, the potential influence of gender in these teams and how this may affect the entrepreneurial process. The shifting nature of business ownership also emerged as an interesting practice and again this draws attention to the need for further research specifically into the role of business ownership in the entrepreneurial process.

This research has also highlighted how there is the requirement for further research into the differences *between* female entrepreneurs and how these vary from sector to sector. By developing the Three Strand Typology to help explain the differences between female entrepreneurs' attitudes towards their gender, this research has contributed to starting to map the differences. However, it would be useful to explore if the Typology was applicable to female entrepreneurs in other sectors and in doing so this would help to further investigate the differences between female entrepreneurs which are so often overlooked. Research that adopts a theoretical orientation would also be beneficial. Here further use of the Theory of Effectuation in research on gender and entrepreneurship may help to shed more light on the situation to generate greater understanding of the experiences of female entrepreneurs.

This research has also drawn attention to how male and female entrepreneurs manage their work-life balance and further research into the experiences of both male and female entrepreneurs in this area is required. Society is constantly evolving and as such gender roles are continuously shifting and thus ongoing research is required to understand the experiences of contemporary entrepreneurs.

## Appendix A: Research Interview Guide

### A.1 Introduction to the Research

I am conducting research for my doctoral thesis at the Robert Gordon University in Aberdeen, investigating the access to finance for entrepreneurs in Scotland. As part of this research entrepreneurs in the Business Services and Technology sectors across Scotland will be interviewed to ascertain how they accessed finance at the start-up stage and during any subsequent growth stages of the business.

The interview covers five broad areas. These are:

- Introduction to the Business
- Introduction to the Entrepreneur
- Access to Finance: Start-Up Capital
- Access to Finance: Growth Capital
- General Demographic Details

May I tape record the interview? This will allow me to listen carefully during the interview and will ensure that I have a detailed record of your views. Please indicate if at any point during the interview you would like the tape recorder switched off. All responses will be held in the strictest of confidence and at no point will individual identities be revealed. I greatly appreciate your participation. Upon completion all participants will receive an executive summary of the research findings. Thank you in advance for your help.

### A.2 An Introduction to Your Business

Could you please describe your business?

Who would your major competitors be?

When did you establish your business?

Who owns the business?

What is the legal status of your business e.g. sole trader, limited company, partnership?

Do you operate the business from a commercial premises or your home?

Do you operate the business on a full time basis?

Approximately how many hours per week would you spend on your business?

Does your business have any employees?

### A.3 An Introduction to the Entrepreneur

What was your motivation for starting your business?

How do you measure and evaluate the performance of your business?

How do you judge the success of your business?

Could you please describe your previous work experience?

Did these skills help you in starting your business?

Did you seek any advice on starting a business?

Have you been involved in any other start-ups?

Are you a member of any networking organisations?

Do you find networking useful for your business?

Do you have a mentor?

Did you encounter any obstacles in launching your business?

### A.4 Start-Up Capital

Did you write a business plan? Did you find this useful in helping you to acquire start-up capital?

What sources of financing did you use in the start-up process?

If you accessed external funding, did you have to meet specific criteria to qualify for that funding?

If you did not access external finance, what were the reasons for this?

Did you consider any different methods of obtaining capital?

Were you satisfied with the amount of capital that you started with?

### A.5 Growth Capital

Has your business grown in the previous year or previous three years? Is this reflected in an increasing number of employees and/or turnover?

Do you plan to grow your business in the future?

To date, have you accessed external finance to grow your business?

If you did not access external finance to fund growth, what were the reasons for this?

Did you encounter any obstacles in growing your business?

What is your opinion of the access to finance for entrepreneurs in Scotland?

### A.6 General Demographic Details

Could you please state your highest level of education?

What area is your education in?

Could you please indicate your marital status?

Do you care for any dependents for example children or relatives?

Are there any other areas of the entrepreneurial financing process that you would like to discuss?

Are there any other areas that you would like to discuss?

The interview guide is designed to be used flexibly and further questions can be added in as required and the questions can be asked in any order to allow the conversational flow of the interview to progress.

Questions added in later in the research process include:

Did you find the networks accessible?

How do you grow your business?

Do you have an exit strategy?

Do you have special childcare arrangements to accommodate running your business?

Did you encounter any barriers to becoming an entrepreneur?

## A.7 Flashcard Questions

Could you please indicate which age category you are in?

18 - 24	
25 - 34	
35 - 44	
45 - 54	
55 - 64	
Over 65	

Could you please indicate which category represents the amount of start-up capital that you started your business with?

Under £5000	£100,000 - £149,999	£450,000 - £500,000
£5000 - £9,999	£150,000 - £199,999	£500,000 - £599,999
£10,000 - £14,999	£200,000 - £249,999	£600,000 - £699,999
£15,000 - £19,999	£250,000 - £299,999	£700,000 - £799,999
£20,000 - £24,999	£300,000 - £349,999	£800,000 - £899,999
£25,000 - £49,999	£350,000 - £399,999	£900,000 - £999,000
£50,000 - £99,999	£400,000 - £449,999	Over £1000,000

Could you please indicate the percentage of the start-up finance from each source? For example 50% self-financing and 50% bank financing.

Could you please indicate which category represents the turnover of the business last year?

Under £50,000	£350,000 - £399,999	£900,000 - £999,999
£50,000 - £99,999	£400,000 - £449,999	£1000,000 - £1999,999
£100,000 - £149,999	£450,000 - £499,999	£2000,000 - £2999,999
£150,000 - £199,999	£500,000 - £599,999	£3000,000 - £3999,999
£200,000 - £249,999	£600,000 - £699,999	£4000,000 - £4999,999
£250,000 - £299,999	£700,000 - £799,999	£5000,000 - £9999,999
£300,000 - £349,999	£800,000 - £899,999	Over £10,000,000

A.8. Could you please tick the box that you most closely agree with?

	<b>I Strongly Agree</b>	<b>I Agree</b>	<b>Undecided</b>	<b>I Disagree</b>	<b>I Strongly Disagree</b>
Profit is my main business goal.					
The financial risks involved in running my business concern me.					
There are numerous barriers that must be overcome to launch a business.					
My business is my main priority.					
I lack financial expertise.					
Being my own boss is very important to me.					
I feel uncomfortable networking.					
Contributing to the community is a key goal of my business.					
I am happy to approach potential investors.					

	<b>I Strongly Agree</b>	<b>I Agree</b>	<b>Undecided</b>	<b>I Disagree</b>	<b>I Strongly Disagree</b>
Growing my business is very important to me.					
Taking risks should be avoided in business.					
External finance is difficult to access.					
Caring/domestic responsibilities prevent me from spending as much time on my business as I would like to.					
There are numerous opportunities for a business operating in my sector.					
I am a successful entrepreneur.					

## Appendix B: Justification of the Interview Questions

The following section justifies the inclusion of the questions in the semi-structured interview guide.

### B.1 General Background Questions

General opening questions such as asking the entrepreneur to describe their business, their major competitors, when they established the business, how many employees they have and who owns the business were used to help establish a rapport with the respondent (Easterby-Smith *et al.*, 1991; Hair *et al.*, 2003) and to act as screening questions (Hair *et al.*, 2003) to ensure that the respondents fulfil the sample criteria. They also provide an overview of the business and help increase the understanding of the entrepreneurs' situations.

#### What is the legal status of your business? Sole trader, partnership or limited liability company?

The justification for this question is that the legal status of the business may affect the resources that the entrepreneur is able to access. For example, Van Aucken and Neeley (1996) propose that it is more difficult for sole traders to attract finance as finance providers are concerned with the business owner's ability to repay and sole traders must rely on their personal resources whereas partnerships and corporations can utilise the resources of a larger number of investors. Similarly, Burns (2001) found that sole traders will encounter more difficulties in securing large amounts of money as lending institutions prefer to lend to a limited company due to the legal restrictions imposed on a limited liability company. This correlates with Freedman and Godwin's (1992) finding that incorporated businesses may be more likely to access external financing.

Furthermore, in a survey of small business owners in the UK, Freedman (1994) found that 23% of respondents highlighted the difficulty in accessing finance as a result of their unincorporated status. In addition, Carter *et al.* (2004) conducted a survey of the members of the Federation of Small Business and this revealed that there was some relationship between the sources of finance used and the legal status of the business and that this may be due to the larger range of finance that limited liability companies can access. Consequently, establishing the legal status of the respondent's businesses may help explain their access to financial capital.

### Do you operate the business from commercial premises or from your home?

Again whether the business is home based or operated from commercial premises may also have an impact on the resources that the entrepreneur can access. For example, Carter *et al.* (2004) found that the type of finance accessed varied with the location of the business with home based businesses making less use of bank loans and overdrafts and more use of their own personal savings. It could also be argued that home-based business may appear less credible to investors and this may limit the external financial capital that they can subsequently access.

### Do you operate the business on a full-time or part-time basis?

This question is justified as the mode of operation may also impact on the resources the entrepreneur can access. For instance, access to government funding may be restricted if the entrepreneur operates on a part-time basis as often applicants must be operating on a full-time basis to be eligible for support (Fielden *et al.*, 2006). In addition, in Scotland research indicates that female entrepreneurs have a greater propensity to operate on a part time basis with approximately 50% of female entrepreneurs operating part-time compared to 13% of male entrepreneurs (Scottish Enterprise, 2005). Therefore it will be interesting to note if this is also case in this research.

### Does the business have any employees?

This question will permit comparison of the entrepreneurs' businesses. Previously, research has found that women-owned businesses tend to be smaller than men-owned businesses (Kalleberg and Leicht, 1991; Loscocco *et al.*, 1991; Rosa *et al.*, 1993; Fabowale *et al.*, 1995; Carter and Allen, 1997; Orser *et al.*, 2000; Verherul and Thurik, 2001; Marlow and Carter, 2004; Brush *et al.*, 2006). As such, the inclusion of this question will illustrate if this is also the case in this research and if there is any variation by sector.

## B.2 Introduction to the Entrepreneur

### What was your motivation for starting your business?

This question will encourage the entrepreneur to discuss their motivations for engaging in entrepreneurship. As discussed in the literature review, in current research the assertion that male and female entrepreneurs exhibit different motivations is highly contested and this warrants further research. For example, whilst Fasci and Valdez (1998) and DeMartino and Barbato (2003) both reported that female entrepreneurs have different

motivations from their male counterparts, Scott (1986) and Rosa *et al.* (1993) found that they did not. Consequently, further research is required into this topic.

How do you measure and evaluate the performance of your business?

How do you judge the success of your business?

The purpose of these questions is to understand how the entrepreneur judges their business success. A frequent critique of the research into female entrepreneurship is that it imposes the goals of male entrepreneurs onto female entrepreneurs. Ahl (2006) argues that the traditional measurement of performance is too restrictive and that including measurements other than just business size and growth may reflect women's business performance more favourably. As such, this question will provide the entrepreneur with an opportunity to state how they judge the performance of their business and this will allow an evaluation of whether the male and female entrepreneurs utilize different criteria for this. For example, Johnsen and McMahon (2005) found that *'the female owner-managers studied may pursue any alternate performance goals as well as, and not instead of, traditional financial and growth achievements'* (p136). Therefore the inclusion of this question will broaden the measurements of performance to include those that the entrepreneurs themselves deem important.

Could you please describe your previous work experience?

As discussed in the literature review the entrepreneurs' human capital plays an important role in their entrepreneurial experience. Jacobs (1999) identifies the main sources from which human capital may be gained as work experience, job based training and education. Therefore encouraging the entrepreneurs to discuss their previous work experience will shed light on their relative possession of human capital.

The sector in which the entrepreneur acquired their work experience and the previous positions that the entrepreneur held are also important. Research indicates that male and female entrepreneurs may have differing previous work experience, for instance male entrepreneurs have been found to have more financial management experience (Verheul and Thurik, 2001). This in turn may impact on the entrepreneurs access to equity investment with Brush *et al.* (2001) arguing that if female entrepreneurs lack financial managerial experience venture capitalists may be more reluctant to invest in their venture. Entrepreneurs may also acquire transferable skills that they can then utilise in their venture. For example, Brush and Hisrich (1991) found that female entrepreneurs who gain experience in the sector in which they are operating improve their chance of expansion

compared to those who do not have experience in the sector. Fischer *et al.*'s (1993) research also confirmed the importance of relevant industry and entrepreneurial experience for female entrepreneurs wishing to establish large firms with significant returns. Indeed, a central tenet of the Liberal Feminist argument is that female entrepreneurs are disadvantaged compared to male entrepreneurs with regards to their level of human capital. Therefore this question will help ascertain if this is the case amongst the entrepreneurs studied.

Have you been involved in any other business start ups?

Similarly this question will also demonstrate the level of human capital that the entrepreneur has acquired from their previous experiences. Involvement in other business start ups may have also helped them gain experience in the entrepreneurial process. Interestingly, Cliff's (1998) research found that female entrepreneurs were less likely to have prior ownership experience than male business owners and the inclusion of this question will help to determine if this is also the case in this research.

Are you a member of any networking organisations?

This question is intended to illustrate the relative levels of social capital that the entrepreneur possesses. Social capital is one element of the capital that the entrepreneur requires to establish a business (Marlow and Carter, 2004). For instance, social networks provide information for the entrepreneur and may alert them to any possible opportunities (Carter *et al.*, 2003a). This question draws on the contribution of networking to the entrepreneur's social capital as Chell and Baines (2000) found that there is a close association between networking and business growth. Therefore the propensity to network may impact on the growth and development of the entrepreneurs' business.

Furthermore, there may be a gender divide present in the networking process. Research indicates that women are under-represented in entrepreneurial networks (Drakopoulou Dodd and Patra, 2002) that they find it more difficult to access networks (Buttner and Rosen, 1988; Shaw *et al.*, 2001) and network less than male entrepreneurs (Verheul and Thurik, 2001). However, Aldrich *et al.* (1997) argue that women entrepreneurs are as active as their male counterparts in networking to obtain assistance and that they are as successful as men in obtaining assistance from their networks. Therefore the inclusion of this question will highlight the situation for the entrepreneurs studied.

### Did you encounter any obstacles in launching your business?

This question seeks to understand any possible obstacles that the entrepreneur may have encountered in launching their enterprise. The answer to this question will help the researcher gain a better insight into the entrepreneur's business journey and to identify any possible gender differences.

### B.3 Start-Up Capital

#### What sources of finance did you use in the start-up process?

The aim of this question is to identify which sources of finance the entrepreneur selected. There are a wide variety of financing options and the entrepreneurs may have utilised a combination of these. For example, Carter and Van Aucken (1990) in their research on start up capital for small businesses found that 53% of start up capital came from debt whilst 47% came from equity sources. Therefore allowing the entrepreneur to explain which methods they adopted will reveal the most information about their own personal start-up financing process. The data gathered from this question will enable comparisons between the sources of finance that the male and female entrepreneurs accessed to be made.

#### If you accessed external funding, did you have to meet specific criteria to qualify for that funding?

This question aims to discover what criteria the entrepreneur was required to fulfil in order to access their funding. This is of particular interest because the existing research is divided as to whether gender influences the criteria that the entrepreneur must fulfil. For instance, Coleman (2000) concluded that the terms of credit offered to women owned service firms were higher than those offered to men owned service firms. In contrast, Fabowale *et al.* (1995) controlled for structural differences between male and female owned firms and reported that there was no difference in the terms of credit offered to the firm owners. Interest rates offered and collateral requirements were also analysed by Haines *et al.* (1999) who discovered that the interest rates and collateral requirements that female business owners are subject to are not different from those required from male entrepreneurs. Therefore establishing the situation for the entrepreneurs in this research may provide an interesting insight.

If you did not access external finance, what were the reasons for this?

This question is designed to reveal the entrepreneur's views of external financing and to allow them to elaborate on this. The responses to this question will establish whether the entrepreneurs vary by gender on their views of external financing.

Were you satisfied with the amount of capital that you started with?

The level of capitalisation of the business is important because '*undercapitalisation at start-up has an enduring negative effect on business survival and growth prospects*' (Marlow and Carter, 2005, p9). Furthermore in general women-owned businesses are established with less capital than male owned businesses (Rosa *et al.*, 1993; Carter *et al.*, 2001; Shaw *et al.*, 2001; Verheul and Thurik, 2001; Watson, 2002). Therefore it will be interesting to discover if the entrepreneurs, with hindsight, considered their business undercapitalised at the start-up stage and if there is a gender divide apparent on this issue.

B.4 Growth Capital

Has your business grown in the previous year or previous three years?

This question will establish if and how, the entrepreneur's business is growing and as such if it requires growth finance. Business growth can be measured in a number of ways for instance by an increase in profits or turnover or the number of employees. However, any questions regarding the profitability of the business may be considered as highly sensitive therefore this is not included.

This question may also illustrate any differences between the growth rates of male and female businesses. Current research indicates that male owned businesses tend to have a higher rate of growth than female owned businesses (Fischer *et al.*, 1993; Scottish Enterprise, 2005). Therefore the response to this question will ascertain if this is also the case in this situation.

Do you plan to grow your business in the future?

This question has been included to ascertain the entrepreneur's desire for growth. The answer to this may also assist in exploring the Social Feminist theory that female entrepreneurs choose to operate their business differently to their male counterparts. Lee-Gosselin and Grise's (1990) study in Canada supports this view, finding that many female entrepreneurs aspired to operate a small, stable firm and did not seek growth as they wanted to preserve their quality of life. Furthermore, it has also been reported that female entrepreneurs pursue the growth of their businesses in a different manner, preferring to

expand in a more conservative, controlled and manageable way (Cliff, 1998). The inclusion of this question will therefore permit a comparison to be made of the male and female entrepreneurs' attitudes to future growth.

To date, have you sought external financing to fund business growth?

This question will highlight the sources of finance that the entrepreneur has utilised to finance the growth stage. Again this will allow a comparison to be made between the male and female entrepreneurs.

If you did not access external finance to fund growth, what were the reasons for this?

Again this question aims to determine the entrepreneur's views of external financing and why they chose not to access it for growth purposes. There is a wide range of possible reasons for this and this question aims to allow the entrepreneur to elaborate and explain their opinions. The responses to this question will establish whether the entrepreneurs vary by gender on their views of external financing.

What is your opinion of the access to finance for entrepreneurs in Scotland?

The justification of including this question is that it will give the entrepreneur the opportunity to state their overall view on the situation for entrepreneurs in Scotland. These views may vary by gender and by sector and the entrepreneurs responses may prove very insightful.

#### B.5 General Demographic Details

The demographics section has been placed at the end of the interview guide adhering to the advice of Hair *et al.* (2003) who recommend placing demographic and socio-economic questions that are used to classify respondents, at the end of the questionnaire as these are personal questions that may not be answered if asked at an earlier stage.

Could you please state your highest level of education?

This question has been included, to further understanding of the entrepreneurs' human capital as this is of importance to the entrepreneurial process.

What area is your education in?

Identifying the area that the entrepreneur's education is in will assist in understanding the levels of human capital that the entrepreneur possesses in relation to their business and if this varies on the basis of gender.

Could you please indicate your marital status?

This will provide information regarding the entrepreneur's background.

Do you care for any dependents for example children or relatives?

Chell and Baines' (1998) research in the UK found that all the female sole business owners studied who had children under the age of fourteen bore the responsibility for childcare whereas with the sole male owned business, male partnerships and spouse partnerships it was mainly the female partner who had responsibility for the childcare. Therefore caring responsibilities may detract from the time that the entrepreneur has available to dedicate to their business and this could influence their experience of the entrepreneurial process.

Are there any other areas of the entrepreneurial financing process that you would like to discuss?

This question will encourage the entrepreneur to discuss any further issues that have not yet been considered.

Are there any other areas that you would like to discuss?

Again this question will encourage the entrepreneur to consider any further areas for discussion.

#### B.6 Flashcard Questions

Could you please indicate which age category you are in?

Enquiring into the respondent's age could potentially be a sensitive issue. Therefore the entrepreneur will be asked to indicate which category applies to them on the flashcard. The entrepreneur's age will help to build up the demographic profile of the entrepreneurs.

Could you please indicate which category represents the amount of start up capital that you started your business with?

Curran and Blackburn (2001) highlight the sensitive nature of asking for financial information and recommend asking the entrepreneurs to check boxes at intervals. Rosa *et al.* (1993) stated that asking for detailed sales figures may provoke hostility or a refusal and so they also asked for figures in broad bands. Fabowale *et al.* (1995) asked their respondents for objective financial data, however, this was only provided by a few of the entrepreneurs and therefore they could not include it for analysis.

As such, for both the amount of start up capital and the turnover the entrepreneur will be asked to indicate which category most closely represents their business on the flashcard provided. Freedman and Godwin (1992) asked business owners to state if their sources of finance were very, quite or not important, as they did not think that business owners would state the actual figures involved.

Understanding the level of start-up capital that the entrepreneur established their business with will allow the results to be compared along gender lines. Furthermore, it will also highlight whether Carter *et al.*'s (2001) finding that '*irrespective of sector and location, women start in business with only one third the amount of capital used by men*' (p7) is illustrated in this situation.

The range of possible amounts of finance that the entrepreneur can select from the table is extremely wide. This is because it is anticipated that the relative amounts used in the start-up process may vary and by including a wide range of amounts, it is hoped that the table will be able to cater for all the entrepreneurs.

Could you indicate which category represents the turnover of the business last year?

This question will establish the entrepreneur's turnover and allow comparison between the entrepreneurs. This will allow the results to be compared with the finding that in the UK male owned businesses average a turnover of £360,000 in their first year of trading compared to female owned businesses which only average £150,000 (Atkinson and Hurstfield, 2004). Again the range of options is extremely wide in an attempt to cater for all the respondents.

### B.7 The Entrepreneurs' Perceptions

To draw out any potential areas of difference between the male and female entrepreneurs, a flashcard section of the interview was also included in the research. Here the entrepreneurs were presented with a number of different statements and asked to indicate on a Likert scale of one to five if they agreed or disagreed with the statement. The entrepreneurs' responses to these statements will provide further insight into their perspectives.

In keeping with the qualitative methodology as the research progressed and particular areas of interest came to light further questions were added to probe further. These questions included the following:

Did you find the networks accessible?

This question aimed to encourage entrepreneurs to elaborate on their experiences of accessing and joining networks.

How do you grow your business?

To further understand the different approaches that the entrepreneurs took to growing their businesses in the two different sectors, this question was introduced.

Do you have an exit strategy?

This question was added to further consider if the entrepreneurs had different plans for the outcome of their venture.

Do you have special childcare arrangements to accommodate running your business?

Many entrepreneurs discussed this as part of their overall discussion and this question helped to encourage the entrepreneurs to elaborate on their situation to understand their work-life balance.

Did you encounter any barriers to becoming an entrepreneur?

This question probed further to shed more light onto the individual's entrepreneurial process.

These questions were not exhaustive and entrepreneurs were encouraged to discuss areas of particular interest to them in more depth and detail. As the interview was semi-structured in nature entrepreneurs were encouraged to discuss their experiences freely.

## Appendix C: Coding Frame

### **1. Gender**

- 1.1 Negative Impact
  - 1.1.1 Discrimination
  - 1.1.2 Exclusion from business networks
  - 1.1.3 Business approach
- 1.2 Positive Impact
  - 1.2.1 Controlled growth
  - 1.2.2 People management skills
- 1.3 Women Only Initiatives
  - 1.3.1 Not beneficial to the business
  - 1.3.2 Ideologically opposed
  - 1.3.3 Beneficial to the business
  - 1.3.4 Unable to access support
- 1.4 Methods of dealing with gender issues
  - 1.4.1 Managing possible effects
  - 1.4.2 Tougher attitude

### **2. Family and Entrepreneurship**

- 2.1 Entrepreneurship helps
- 2.2 Entrepreneurship restricts
- 2.3 Methods to achieve work-life balance
  - 2.3.1 Time management
  - 2.3.2 Flexible working
  - 2.3.3 Support from spouse
- 2.4 Biological Bind

### **3. Finance**

- 3.1 Attitude: risk-taking
- 3.2 Attitude: cautious
- 3.3 Financial struggle
- 3.4 Examples of bootstrapping
- 3.5 No financial difficulty
- 3.6 Not controlling costs
- 3.7 Not a capital intensive business
- 3.8 Capital intensive business
- 3.9 Financial institutions supportive
- 3.10 Financial institutions not supportive
- 3.11 Opposed to equity investment

### **4. Previous Work Experience**

- 4.1 Relevant work experience
- 4.2 Non-relevant work experience

### **5. Defining Success**

- 5.1 Monetary value
- 5.2 Sales and referrals
- 5.3 Personal satisfaction /enjoyment
- 5.4 Client satisfaction
- 5.5 Product development
- 5.6 Business reputation (including winning awards)
- 5.7 Contribution to the community

- 5.8 Employee satisfaction / retention of staff
- 5.9 Quality of client companies
- 5.10 Industry interest
- 5.11 Ability of the business to operate without the entrepreneur
- 5.12 Gaining grant funding
- 5.13 Gaining investment
- 5.14 Investor satisfaction
- 5.15 Recruiting a good Board of Directors/ senior appointments
- 5.16 Continuing to be in business

## **6. The Entrepreneurs' Motivation**

- 6.1 The opportunity or idea
- 6.2 Desire to be one's own boss
- 6.3 Unhappy in previous employment
- 6.4 Make money
- 6.5 Wish to run own business
- 6.6 To be in control
- 6.7 The challenge
- 6.8 Redundancy / alternative to retirement
- 6.9 To help people

## **7. Formal Networking**

- 7.1 Formal networking is useful
  - 7.1.1 Raise awareness of company
  - 7.1.2 Learn about the business environment
  - 7.1.3 Identify opportunities
  - 7.1.4 Gaining contacts and customers
  - 7.1.5 Gain advice
- 7.2 Formal networking is not useful
  - 7.2.1 Not the right customers
  - 7.2.2 Too many people trying to sell
  - 7.2.3 Only specific networks are helpful
  - 7.2.4 Do not have the time
  - 7.2.5 Don't like networking / feel uncomfortable
  - 7.2.6 Focusing on R&D at present

## **8. Sources of Support**

- 8.1 People negative about your idea
- 8.2 Support of spouse
- 8.3 Support of personal network
- 8.4 Board of Directors
- 8.5 Business mentor
- 8.6 Self reliant person
- 8.7 Lack of personal network for advice

## **9. Government Support**

- 9.1 Positive experience of government support
  - 9.1.1 Helpful advice
  - 9.1.2 In-depth support provided
  - 9.1.3 Useful network
  - 9.1.4 Grant funding provided
- 9.2 Negative experience of government support
  - 9.2.1 Too basic
  - 9.2.2 Did not qualify

- 9.2.3 Too difficult to access
- 9.2.4 No knowledge of support
- 9.2.5 Not available at start-up stage
- 9.2.6 Too many consultants
- 9.2.7 Too many support organisations

## **10. Experience of Entrepreneurship**

- 10.1 Lonely/ isolated
- 10.2 Don't consider self as an entrepreneur
- 10.3 Hard work
- 10.4 Continuing drive to succeed
- 10.5 Relatively straightforward process
- 10.6 Difficult process
- 10.7 Time consuming
- 10.8 Enjoyable

## **11. Challenges in Entrepreneurship**

- 11.1 How to grow the business
- 11.2 Gaining honest advice
- 11.3 Challenges considered as learning curves and overcome
- 11.4 Recruiting and managing employees
- 11.5 Geographic location
- 11.6 Gaining work and new customers
- 11.7 Coping with rapid growth
- 11.8 Lack of company infrastructure
- 11.9 Leadership
- 11.10 Developing the product or service
- 11.11 Lack of confidence
- 11.12 Business partnerships
- 11.13 The external economy
- 11.14 Time lag between creating product and gaining income
- 11.15 Lack of time
- 11.16 Financial issues
- 11.17 The entrepreneur's age
- 11.18 IP ownership
- 11.19 Red tape

## **12. Future Plans for the Business**

- 12.1 Seeking future growth
- 12.2 Reluctant to grow the business

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