

Entrepreneurship – Women’s Business

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ABSTRACT

One outstanding impact in the twenty first century US economy is the phenomenally expanding role and importance of women entrepreneurs. The Center for Women’s Business Research reports “nearly 10.4 million firms are 50% or more owned by women, employing more than 12.8 million people, and generating \$1.9 trillion in sales.” (2007) This growth is evidenced by the fact that majority women-owned firms grew at twice the rate of all firms between 1997 and 2006. (Center for Women’s Business Research, 2007) Since Meredith College has unique status as the largest all-female undergraduate liberal arts school in the Southeast, it is positioned to examine entrepreneurial efforts of women. This preliminary research examines demographic information about Meredith College alumnae who are employed by family enterprises or own their businesses. It also examines challenges faced by women in starting and sustaining a business.

INTRODUCTION

*M*eredith College was chartered in 1891 as an undergraduate institution for women. In 1899 the first students were admitted and its first graduation occurred in 1902. From that beginning it remained undergraduate studies only until 1983 when it began offering masters degrees in business, education and music – for women only! Much later these degrees were opened to males. All undergraduate alumnae are women.

The mission of Meredith College has been enhanced by the mission of the School of Business and that of the MBA Program to include “teamwork, leadership, communication skills and ethical decision making.”(Meredith College, p. 15) The purpose of this research was to examine certain characteristics of undergraduate Meredith alumnae who were identified as having started a business and/or having ownership in a family owned business.

GENDER DIFFERENCES

In comparing women entrepreneurs with men entrepreneurs, some authors have chosen to focus on factors that affect their planning preferences. Slate focuses on the extent to which women entrepreneurs emphasize “balance of work and life demands.” (Slate, p. 16). Concern for family, a desire for flexibility and the goal of working closely with family members seem to be the primary motivators for the women entrepreneurs studied by Slate. Conrad adds that a “focal point of a woman-owned business is the personal relationship.” (Conrad, p. 38) An interesting approach is taken by Margaret Heffernan who says that “being a parent most likely enhances one’s business success, honing skills that are common to each role.” (Peck, p. 8). The work of these authors is similar in that qualitative factors are observed in assessing the ways in which women differ from men.

Sharon Hadary, executive director at the Women’s Business Research Center in Washington, D.C., sees several obstacles for women entrepreneurs. “The biggest is their apparent reluctance to use debt or equity financing, which leaves personal savings as the main source of startup and expansion capital and earnings from business operations as the main source of ongoing capital.” (Conrad, p. 38) Resnick hypothesizes that some women keep their firms small and easily manageable on purpose so that the business will not interfere with time spent with family. She does think that another reason might be that “few women business owners are willing to take the kinds of risks that men do.” (Resnick, p. 41) Future research on similarities and differences in risk aversion might validate or reject this idea.

SMALL BUSINESS DEFINED

The Small Business Act describes a small business as “one that is independently owned and operated and which is not dominant in its field of operation.” Size standards are frequently stated in terms of the number of employees or in terms of average annual receipts. (www.sba.gov/services/contractingopportunities/sizestandards/topics/size/index.html)

While these classifications can be helpful, Headd and Saade point out that non-employer data and employer data differ considerably. (Headd, B and Saade, R, p. 1). Future research with this survey group should include a question which addresses the number of people employed by each firm since current research addressed the size issue only in terms of annual receipts. The importance of research on employer versus non-employer status may also be related to financing options employed by the firm. Headd and Saade found that “employers were more likely than nonemployers to use start-up and expansion financing.” They also discovered that employers were more likely to take out bank loans and that “non-employers tended to rely more on credit cards.” (Headd, B. and Saade, R., p. 2)

FINANCING FOR WOMEN-OWNED ENTREPRENEURSHIPS

Literature on women-owned businesses and small businesses reveals that the source of financing is extremely important – not only the source of the original financing, but also the source of funds for expansion. Conrad found that when firms need to expand, “differences crop up between the sexes. Women-owned businesses often still do not use debt financing, continuing to rely on savings and profits from the business even when owners could qualify for a loan. And they very seldom even consider equity financing.” (Conrad, p. 38)

SURVEY RESULTS

Of the 134 alumnae identified, there were 95 valid email addresses and 33 usable responses for a 34.7% response rate. In order to preserve anonymity of the respondents, the first question in the survey asked the respondents to affirm that they understood that the results would be anonymous and would be presented only in summary form. Survey Results are reported in Appendix A.

Of the 33 women who responded to the survey, 32 women, or 97% were currently employed by a family business. Most of these businesses were organized as corporations (See Table I) and almost all of the businesses had been in existence for longer than 5 years (See Table II). The researchers did not ask respondents whether the corporations were C corporations or S corporations; this may be an avenue pursued in follow up research.

Table I

Form of Organization	Percentage
Sole Proprietorship	21.2%
Partnership	6.1%
Corporation	72.7%

Table II

Length of Existence	Percentage
Less than 2 years	3.0%
Between 2 and 5 years	6.1%
Longer than 5 years	90.9%

Most of the respondents started the business that employs them (See Table III), but less than half of these respondents owned the entire firm (Table IV) and less than two-thirds owned a majority interest (See Table IV).

Table III

How Ownership Obtained	Percentage
Started a new business	71.9%
Purchased existing business	3.1%
Inherited existing business	9.4%
Received gift of existing business	9.4%
Other	6.3%

Table IV

Ownership	Percentage
0%	3.0%
1% - 50%	39.4%
51% - 99%	15.2%
100%	42.4%

There were a total of 23 respondents (71.9%) who answered that they had started the business themselves. Of these respondents, the majority (59.3%) financed the business from personal resources and only 5 respondents (18.5%) borrowed the funds to begin the business. It is noteworthy that no respondents reported using venture capital.

While there was some diversity in the classification of the business, most of the businesses were service or retail in nature (See Table V), and did business mostly in the United States (See Table VI). Of the four firms operating outside the United States, there did not seem to be a common thread. These four companies operated in Europe as well as in Canada, Iceland, India, Russia, South Africa, Australia, Malaysia, Taiwan, and China.

Table V

Classification of Business	Percentage
Service	63.6%
Manufacturing	3.0%
Retail	27.3%
Wholesale	3.0%
Other	3.0%

Table VI

Scope of Operations	Percentage
Domestic only	87.9%
International only	3.0%
Domestic & International	9.1%

The revenues of the businesses varied greatly, with few firms in the ranges \$.5 to \$1 million or above \$5 million (See Table VII).

Table VII

Revenues	Percentage
Less than \$500,000	36.4%
\$500,000 to \$1,000,000	12.1%
\$1,000,000 to \$5,000,000	33.3%
More than \$5,000,000	18.2%

CONCLUSION

There is little dispute as to the value of women entrepreneurs to the US economic system. Research findings and reporting at the local, state and national levels verify their importance and most factors indicate this trend is likely to continue. This intriguing entrepreneurial movement may present researchers with certain new opportunities and challenges. To date published research findings have vastly increased the body of knowledge about the impact of women entrepreneurs. Many colleges, universities, professional organizations and others have gathered, presented and published information about the plight of women business owners. Much of it addresses obstacles that they face when creating an enterprise. This has given rise to examining questions such as *what* women select to enter, *how* they gain entry into the chosen field, and *why* they make their choices about entrance and financing. It is an opportune time for academics and others to pursue methods for addressing these and other key questions as they arise.

Academic research efforts in the field of entrepreneurship are at a critical juncture where it is imperative to raise, examine, analyze and address questions whose answers may help to build a body of entrepreneurial knowledge. A companion to current research efforts will be the process of collecting, analyzing and publishing findings that will add to the body of entrepreneurial knowledge. To help do this, research efforts may take many avenues. For instance, entrepreneurial researchers could attempt to examine differences between male and female entrepreneurs. Others could select role delineation, management style, rationale for starting a business or other factors for review.

So, what does this research effort reveal? This research could be characterized as taking a diagnostic approach that includes gathering, analyzing and reporting demographic entrepreneurial data collected from Meredith College alumnae who work in family enterprises or own their business. The value of this research could be that it will provide an impetus for understanding the motives of women entrepreneurs. Finally, the research challenges are: What do we know? What do we want to know? and, What is the impact of research on women entrepreneurs?

AUTHOR INFORMATION

Dr. Tony Bledsoe has taught in the School of Business at Meredith College since 1981. He teaches management, entrepreneurship and business policy. His research interests include women business owners, fraud, diversity management, human resource management and entrepreneurship plus case studies for teaching and learning.

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APPENDIX A

1. Please verify that you understand your answers will be reported anonymously and responses and results will be presented only in summary format.

COUNT: 33 of 33 (100.0%) **MEAN:** 1.000 (Scale: 1 - Yes to 2 - No) **STDEV:** 0.000



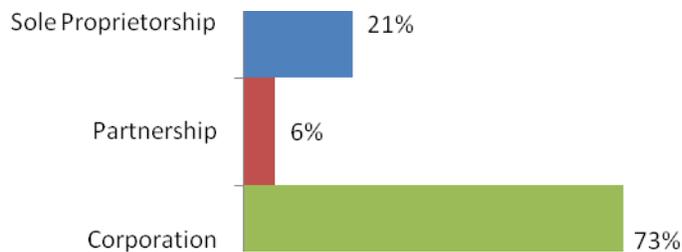
2. Are you employed by a business that you and/or your family own?

COUNT: 33 of 33 (100.0%) **MEAN:** 1.030 (Scale: 1 - Yes to 2 - No) **STDEV:** 0.174



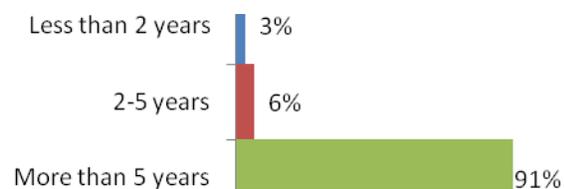
3. What is the organizational structure?

COUNT: 33 of 33 (100.0%) **MEAN:** 2.515 (Scale: 1 - Sole Proprietorship to 3 - Corporation) **STDEV:** 0.834



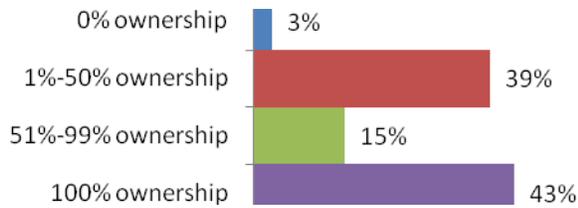
4. How long has the business been in existence?

COUNT: 33 of 33 (100.0%) **MEAN:** 2.879 (Scale: 1 - Less than 2 years to 3 - More than 5 years) **STDEV:** 0.415



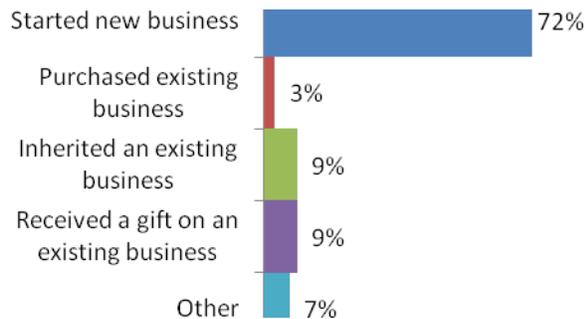
5. What percentage of the business do you own?

COUNT: 33 of 33 (100.0%) **MEAN:** 2.970 (Scale: 1 - 0% to 4 - 100%) **STDEV:** 0.984



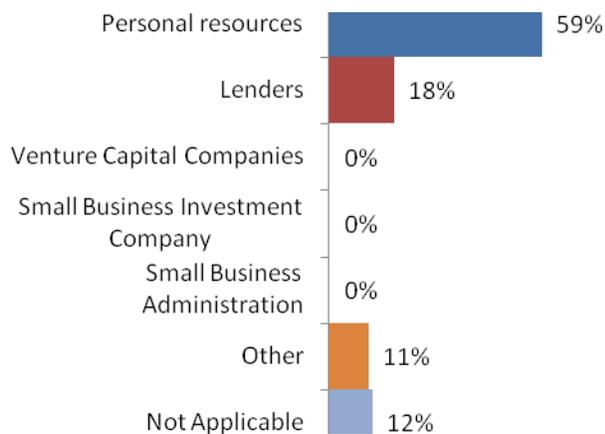
6. If you own all or part of the business, how did you get this ownership?

COUNT: 32 of 33 (97.0%) **MEAN:** 1.750 (Scale: 1 - Started a new business to 5 - Other) **STDEV:** 1.320



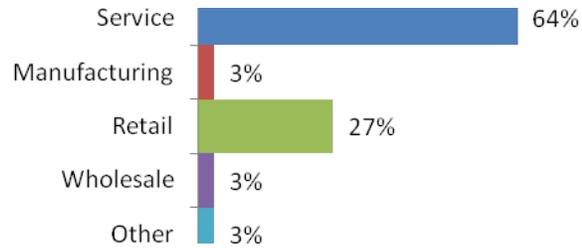
7. If in Question 6, you answered that you started a new business, purchased an existing business, or Other, what was the source of your financing?

COUNT: 27 of 33 (81.8%) **MEAN:** 2.407 (Scale: 1 - Personal resources to 7 - Not Applicable) **STDEV:** 2.275



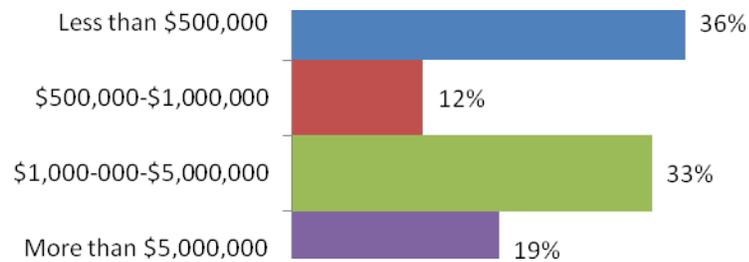
8. How would you classify this business?

COUNT: 33 of 33 (100.0%) **MEAN:** 1.788 (Scale: 1 - Service to 5 - Other) **STDEV:** 1.139



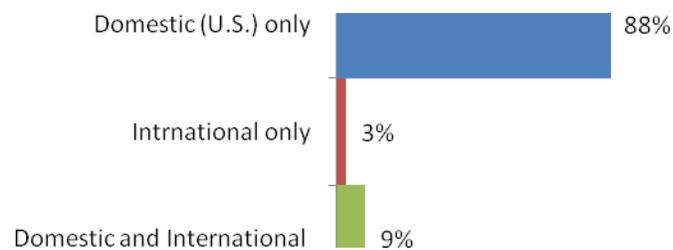
9. Which of the following best describes the revenues of your business?

COUNT: 33 of 33 (100.0%) **MEAN:** 2.333 (Scale: 1 - Less than \$500,000 to 4 - More than \$5,000,000) **STDEV:** 1.164



10. Which of the following best describes this business?

COUNT: 33 of 33 (100.0%) **MEAN:** 1.212 (Scale: 1 - Domestic (U.S.) only to 3 - Domestic and International) **STDEV:** 0.600



11. If you engage in business outside the United States, what countries are included?

COUNT: 5 of 33 (15.2%) **MEAN:** 0 (No Numerical Responses) **STDEV:** 0

Response

Canada, India, Europe, Russia

Germany mostly, but other western European countries, as well

South Africa, Australia, India, Belgium, Canada, France, Iceland, Italy, Malaysia, China, Sweden, Switzerland, Taiwan, United Kingdom

UK and Canada

Australia

NOTES