

SHIV SHAKTI

International Journal in Multidisciplinary and Academic Research (SSIJMAR)

Vol. 1, No. 4, November-December (ISSN 2278 – 5973)

WHAT'S DIFFERENT ABOUT WOMEN ENTREPRENEURS

Dr. L. Suresh Mallya¹

Dr. N.R.V. Prabhu²

ABSTRACT

Despite the fact that women are increasingly opting for entrepreneurship as a career, there are numerous derogatory myths about women entrepreneurs (Brush, Carter, et al. 2001), in terms of their aspirations, capabilities and access to human, social, and financial capital. This paper reports the findings of an exploratory study of Indian women entrepreneurs, based on in-depth interviews with pioneering women who started businesses in Silicon Valley. It finds that higher education (human capital) and family support networks play a crucial role in raising the aspirations and ability of women entrepreneurs to lead high growth businesses.

Keywords: Women entrepreneurs; Ethnic minority entrepreneurs.

1. Dr. L. Suresh Mallya is Professor, SCMS, Cochin.

2. Dr. N.R.V. Prabhu is Director, Farook Institute of Management Studies, Calicut.

WHAT'S DIFFERENT ABOUT WOMEN ENTREPRENEURS

1. Introduction

Historically, the roles of men and women have always been different according to the norms of specific cultures. However, these norms are undergoing a gradual change, especially in western, industrialized economies. While paid employment has become less secure and more stressful, there has been a greater fragmentation of families. Over the last 50 years, many more women have entered the workforce in the US, UK and Western Europe, leading to mounting concerns about striking a balance between careers and motherhood and the need for family-friendly practices in the workplace (Basu and Altinay 2003). At the same time, new technology improvements have made working from home easier than before. What impact have these environmental changes had on the nature and number of women entrepreneurs?

It is widely acknowledged that women are increasingly opting for entrepreneurship as a career path today. An analysis of privately-held firms with employees in the top 50 U.S. metropolitan areas reveals that from 1997 to 2004, the number of majority women-owned firms with employees grew by 51.7 per cent, which is five times the growth rate of all firms (Wells Fargo 2004).

Despite these trends, there are numerous derogatory myths about women entrepreneurs, in terms of their aspirations, capabilities, and access to human, social and financial capital. These myths have been identified by the U.S. Diana project (Brush, Carter, et al. 2001) and include: women do not want to own high-growth businesses, they do not have the right education or experience to lead high growth businesses; they lack suitable networks; they lack financial skills; they do not submit business plans; they are not in industries that venture capitalists find attractive; and they are not a force in the VC industry. Brush et al state that these myths negatively stereotype women entrepreneurs and adversely affect their chances of securing investment capital.

This paper reports the findings of an exploratory study of Indian women entrepreneurs in Silicon Valley, based on in-depth interviews with some of the pioneering women who started their own

business in the U.S. in the 1980s. It examines the aspirations and capabilities of these women entrepreneurs, their access to human, social, and financial capital, and the extent to which they display any of the myths identified by the Diana project. It examines the challenges they faced in the business world, as well as in their family lives, and how they overcame them.

2. What We Know and What We Need to Know

The first major scholarly article about women entrepreneurs, published in the mid-1970s, concluded that women were motivated by the need for achievement, independence, economic gain and job satisfaction, motives that were very similar to those driving their male counterparts (Schwartz 1976). The main difference between male and female entrepreneurs was that the latter faced greater discrimination in accessing financial capital.

In the 30 years since Schwartz's pioneering research, numerous studies have examined the motivations of women entrepreneurs, their personal attributes, background characteristics, access to resources, choice of business, venture performance, management styles, and the obstacles faced by them. Several studies suggest that women entrepreneurs belong to middle or upper class families, have self-employed fathers, are educated to degree level, are married with children and started their businesses after gaining relevant business experience at the age of 40-45 years (Hisrich and Brush 1984). Education plays a major role at start-up, in terms of distinguishing between women who start non-traditional and traditional businesses, with the former being the ones with higher educational attainment (Hisrich and O'Brian 1982). Research suggests that women start businesses for different reasons than men. While men want to be their own bosses, women want personal challenge and satisfaction (Scott 1986). Access to capital has been found to be the major factor inhibiting women entrepreneurs. This may be related to the derogatory stereotypes associated with women entrepreneurs (Brush et al 2001) and to their choice of business (Hisrich and O'Brian 1982).

While some of these studies refer to the traditional role of the woman as wife, mother and homemaker, the possibility that these traditional roles may act as a constraint on the woman's ability to be a successful entrepreneur is generally overlooked. Many women continue to carry out their traditional

roles while starting up new business ventures. They thus carry a double burden of responsibility toward the business and the family, which makes it hard to devote sufficient time to the business. This helps to reinforce the stereotypical ‘myth’ about women entrepreneurs not aspiring to own high-growth businesses whereas the truth may well be that they are unable to achieve their aspirations because of conflicting demands on their time and conscience.

This possibility of role conflict between personal and business commitments is even greater in the case of women belonging to traditional Indian (Hindu and Muslim) families. For instance, the woman’s role in Hindu culture is tied inextricably to her family, or her husband’s family, in the case of a married woman. Women were traditionally discouraged to work outside the home let alone run their own businesses. Thus, the obstacles faced by an immigrant Indian woman, the subject of the present paper, include not only those raised by the alien environment in which she lives, but also those rooted in the conventions of her own ethnic community.

It is nevertheless possible to identify at least a handful of extremely successful Indian women entrepreneurs in Silicon Valley. How did these women succeed in overcoming the obstacle posed by the double burden of responsibility? To what extent do they contradict the derogatory myths about women entrepreneurs? What lessons do they offer aspiring women entrepreneurs in managing competing responsibilities and achieving a satisfactory work-life balance?

3. Framework of Analysis

This paper focuses on three main questions:

- What motivates women to start their own businesses?
- How do they acquire the resources (human, social, and financial) to achieve their goals?
- How do they deal with the double burden of responsibility and tackle the conflicting demands of their traditional role as homemakers with their entrepreneurial role?

The motives for business entry are often discussed in terms of ‘push’ and ‘pull’ factors. Push factors like unemployment, redundancy, or encountering the glass ceiling, are frequently cited as important reasons why women and ethnic minority immigrants opt to become self-employed. At the same time, immigrants and women may be drawn to entrepreneurship by pull factors, such as spotting a profitable market opportunity, a desire to innovate, be independent, or realize one’s true potential. These positive motives are recognized in economic and management theory (Schumpeter 1934; Drucker 1985), but are generally overlooked in the literature on women and ethnic entrepreneurs. Merton (1938) was an exception to the latter, and argued that social exclusion can pressurize individuals to innovate or break the rules in order to gain acceptance in mainstream society. Furthermore, some women opt for entrepreneurship because of their belief that entrepreneurship offers a means of reconciling their traditional role as homemakers with their role as business women (Granger *et al* 1995).

Human capital is acquired through education and prior experience. A family background in business, where the woman’s father or mother was in business, enables the entrepreneur to acquire tacit knowledge and an understanding of entrepreneurship from childhood. Social capital consists of social networks, norms, and social relationships that act as conduits for the exchange of information and provide access to financial and other resources such as professional advice and expertise (Brush *et al* 2002). Previous studies have found that women network differently from men and have smaller social networks (Aldrich 1989; Menzies *et al* 2004). As regards financial capital, previous research suggests that women use lower amounts of start-up capital (Menzies *et al* 2004) and receive a disproportionately small share of venture capital equity funds in the U.S. (Brush *et al* 2002). Financial capital is secured from personal savings, family and friends, angel investors, banks, and venture capitalists. Relatively little is known about how women investigate alternative funding options and obtain financial capital (*ibid.*). It has been argued that women entrepreneurs tend to be cautious improvers, preferring to improve their position gradually rather than taking bigger risks associated with disruptive innovation (Kupferberg 2003).

One factor that distinguishes women entrepreneurs from their male counterparts is the double burden of responsibility assumed by women. Traditionally, women in all cultures have a primary responsibility toward the home and family. Even in Western Europe, only unmarried women were expected to participate in the labor market, until the 1950s (Kupferberg 2003). As previously

mentioned, self-employment was, and still is, often regarded as a way to achieve work-life balance. While that may be a noble reason for choosing self-employment, the woman may find that as the business progresses, she has to make the difficult choice of “either saying no to new business opportunities that arise – a move that might threaten the existence of that [her] business – or committing herself to these new business tasks, which in the end might mean that she would have to hire someone to take over more personal commitments.....not to take this [role conflict] into account would simply be to deny reality” (Kupferberg 2003:95).

4. Methodology

This paper addresses the above issues based on in-depth interviews with a small number of successful Indian women entrepreneurs. It examines the factors affecting business entry and performance, especially, the interaction between human capital, social capital, and entrepreneurial entry and performance, in the case of immigrant Indian women entrepreneurs in the US.

Human capital, accumulated through education and work experience, enables the entrepreneur to be equipped with the knowledge, skills, and capabilities, necessary for creating the new venture. Social capital, arising from the entrepreneur’s network of social contacts, is also an important factor in influencing business entry and performance. Differences in characteristics of human and social capital have an impact on the aspirations and behavior of entrepreneurs, the characteristics of the businesses they start and the subsequent performance of those businesses.

In the case of the woman entrepreneur, her role in the family affects her business entry decision, choice of business, and subsequent performance. This is largely due to the traditional roles assigned to women and the concept of the double burden of responsibility discussed in the previous section. While one way of avoiding the double burden of responsibility is to remain single and childless, the more interesting case is where the woman encounters the double or triple burden, in terms of being both a wife and a mother, as well as having a career outside of the home. The present paper focuses on the latter case, since all the entrepreneurs interviewed are married mothers.

This methodology is qualitative, based on in-depth interviews with four Indian women entrepreneurs, who started their businesses in Silicon Valley. Their responses are compared with those from interviews previously conducted by the author with three successful Indian women entrepreneurs based in the UK. The paper examines the aspirations and capabilities of these women entrepreneurs, their access to human, social, and financial capital, and the extent to which they display any of the myths identified by the Diana project. It examines the challenges they faced in the business world and how they overcame them. The research is on-going. The four women interviewed in Silicon Valley are founders of high-tech businesses, while those interviewed in the UK are founders of non-high-tech businesses.

5. Findings

5.1 Background and Motives for Business Entry

The four women who started hi-tech companies in Silicon Valley had higher educational qualifications obtained in their home countries as well as from premier universities in the UK and US. Two were engineers (Alka and Bela), one a physicist (Chitra), and the fourth (Deepa) had a background in Accounting and Finance.¹ None of them belonged to business families or had fathers in business. However, three of these women had entrepreneur-husbands who had already started businesses in Silicon Valley. The fourth, Deepa, ventured into business jointly with her husband who had an engineering background.

All four women had corporate jobs and worked for an average of 8 years in the U.S prior to starting their own businesses. However, their motives for business entry were somewhat different. Alka was working for a large, blue-chip high-tech company, but did not get on too well with her new boss. At about this time, she was approached by one of her friends to join her start-up. Alka saw how much happier her husband was as an entrepreneur compared with when he had worked for a multinational company. She decided it was time to take the leap into entrepreneurship by taking up her friend's offer, rather than tolerating a difficult boss and being unhappy in an albeit coveted corporate career. Bela decided at the age of 35 that it was time to quit her job and take a break. By then, she had worked for 10 years in the US in two companies. She was professionally unhappy, her position was not

growing, and she felt there was not much more she could learn from her job. She took six months off to think about her future. At the time, her husband was already running his own business and encouraged her to think about starting out on her own. She contemplated the prospect of becoming an entrepreneur but had no clear idea of what to produce or sell. It was during her career break that one of her ex-colleagues approached her with a business idea. He had the technology required for the proposed product and asked if she would be interested in joining him. Having worked with that colleague before, Bela decided to take the plunge. She and her former colleague became equal equity partners in the new venture.

Chitra worked as a research scientist in the R&D department of a large corporation. She and two of her colleagues (both white American men, and including her then boss) developed a new automated control process for the semiconductor industry. They initially tried to implement their idea within their company. However, the company was unwilling to fund the new idea and gave them permission to leave and implement the concept on their own. Chitra and her two colleagues decided to quit their jobs and co-founded a new venture to commercialize their idea.

Deepa's decision to become an entrepreneur was connected with her husband's decision to start his own business in partnership with a business school buddy. Both men were technical experts and could benefit from Deepa's expertise in finance as well as her excellent communication skills.

Ela, an immigrant to the UK, started her food processing business from her kitchen, initially as a hobby. She cooked Indian snacks and other food and supplied them for parties thrown by friends and acquaintances. As orders began to steadily increase, she decided to establish a formal business and processing facilities outside the home. Ela had no higher educational attainment, but this was not an impediment, since she had the necessary culinary skills to start her own business.

An analysis of the motives for business entry of these five women suggests that they were driven by a complex combination of positive and negative motives. However, all the four women who started hi-tech businesses did so while being fully aware that their move into entrepreneurship would not make the trade-off between work and family any easier than before. Ela was the only exception who started

her business from home and expanded it gradually, finding that she could combine family life with the business in the early years after start-up.

5.2 Acquisition of Resources

As already stated, the four hi-tech entrepreneurs possessed higher educational qualifications obtained in India and abroad (in the US or UK). As engineers and scientists, they were accustomed to being in a minority at the higher educational institutions they attended, since women make up only a small proportion of the total number of engineering and science students attending university both in India and the US. They were once again a minority in the workplace. During the course of their work experience in the US, they became comfortable working with male colleagues. This contributed to their self-confidence to operate independently in the business world. As Chitra remarked, “it never once occurred to me that I was different...that as an Indian woman entrepreneur, I was a rarity in the US in the mid-1980s”.

These respondents were pioneers in the sense that they were one of the first women of Indian origin to establish hi-tech businesses in Silicon Valley. When they started their ventures in the early or mid-1980s, there were no role models from India, let alone Indian women, that they could look up to. Since none of them came from business families, they could not turn to their parents or siblings for business support. However, two women had husbands who were entrepreneurs albeit in different technical fields. And one respondent (Deepa) co-founded her business with her husband. Their access to social capital was limited to close family members (primarily their husbands), former colleagues, professional contacts, and business partners. They could not rely exclusively on their family networks, since they did not have other family members in business (with the exception of their husbands). The Indian community in the Bay Area was relatively small and unorganized in the 1980s, and did not constitute a strong source of social capital, especially since only a few Indians had established their own businesses in the hi-tech sector then. This forced them to rely on professional acquaintances and connect with individuals from the host community. Their experience diverges from the traditional pattern of access to social capital among immigrants. They drew on a wider yet looser social network, which helped them to gain credibility in the industry and secure their first customers. Furthermore, the fact that several hi-tech start-ups, like Apple and Sun, were being formed at the time by young techies

from grad school, provided inspiration, if not role models, for our respondents. There was a sense that “if they can do it, so can we”.

Unlike the Silicon Valley entrepreneurs, the Indian community in the UK was well-represented in traditional retail distribution activities by the 1980s. Ela had access to a large co-ethnic community market when she began to prepare her snacks and meals in bulk. She was also aware of another Indian entrepreneur who was in the same business as herself and pursued a strategy similar to his. Realizing that the only way to successfully grow her business was to serve the mainstream market, she approached a large national supermarket chain. The chain decided to sign a contract with her for supplying Indian as well as other ethnic ready meals. This was the basis for Ela’s expansion in the food processing business. Although Ela relied on her social networks at the start, these became less important with the growth of her business.

An advantage these women (all except Deepa) had was that at the time that they opted for entrepreneurship, their husbands had fairly stable earnings (as entrepreneurs or professionals) and were in a position to financially support their wives. The women could therefore take the risk of starting up in business, knowing that failure would not completely ruin their lives. Alka, Bela, and Chitra, bootstrapped their start-ups, investing their own savings, and securing a second mortgage. Deepa, who was a co-founder with her husband and his friend, secured funds from an informal angel investor (her husband’s uncle). All four opted for disruptive innovation rather than gradual improvement at the start. Perhaps the only exception was Ela, who gradually expanded her catering business, though she too relied on her husband’s income as a general practitioner (medical doctor). The findings suggest that the ability to gradually improve may be related to the nature of business. If one is producing digital pipe connectivity equipment for voice recognition or automated process control equipment for the semiconductor industry, it cannot be done on a gradual basis and requires a minimum level of initial investment. If, on the other hand, one is producing Indian snacks in the kitchen for neighboring stores, it is possible to expand gradually, from one’s own kitchen to someone else’s kitchen, and then finally, set up a formal production and food processing plant.

5.3 Balancing Work and Family Life

All the interviewees are married with children. At the time of their business start-up, all were married and three had young children. They therefore encountered the issue of conflicting responsibilities and the need to balance business commitments with those of the home. Except for Ela, who worked from home and could take care of her sons while starting up her business, the others relied on their families or on paid help or, most often, on both sources of support.

Alka's parents came from India and spent several months at a time staying with her and taking care of the home and children. This is unconventional in India, where ageing parents traditionally stay in their son's home and do not stay with their married daughters. Bela had no children when she started her business. However, at the time when the business took off and she succeeded in securing venture capital funding, she became pregnant. The VC investors were worried about her imminent motherhood. One of the informal terms of her funding was that she would arrange suitable childcare, so that she could continue to focus on and run the business. Thus, Bela made a conscious decision from the start to employ outside help to carry out childcare and household responsibilities. Although she spent only a couple of hours each day with her children, she could pay full attention to them for those hours, since all the daily household chores were taken care of by paid helpers. In the process of devoting enough time to her business and to her children, Bela sacrificed the time she might have spent on other activities like socializing, reading, or going to the theater or cinema. The one leisure activity they continued to pursue was to go off on a family holiday at least once a year. Chitra had a young baby during the first year of her new business. However, since she was well-acquainted with her partners, they were comfortable with her working from home and working flexible hours and knew that she would not let them or the business down. In retrospect, Chitra believes that the arrangement worked very well, since she would never have had the same flexibility had she remained in her corporate job. Nevertheless, one of the first steps she took was to find a suitable nanny to look after her child. As with Bela, Chitra made a decision early on in her entrepreneurial career, to delegate the traditional roles of homemaking and childcare to outside, paid helpers. Chitra was also helped by her mother-in-law, who came on extended visits to her home and helped to look after her daughters.

In all these cases, the fact that the woman was able to break out of the cultural stereotype and assign her traditional responsibilities to others can be attributed to her deep entrepreneurial commitment and passion for her business venture. It can also be attributed in part to her having a supportive and

successful husband. The husbands of all the women interviewed were extremely supportive in that they did not object to their wives spending significant time outside the home. Moreover, the husbands had successful careers as entrepreneurs (in the case of Alka and Bela) or professionals (Chitra and Ela) and were able to financially support their wives and pay for the domestic help required to enable their wives to pursue their own careers. In other words, these husbands displayed uncharacteristically progressive views about the role of women and obviously respected the aspirations of their wives. At the same time, since they had careers of their own, and were financially well-off, they did not feel threatened by the potential success of their wives.

6. Results and Implications

This exploratory study suggests that human capital (higher education and prior work experience) is especially important for the women who started new ventures in the high-tech industry. The high-tech entrepreneurs were extremely well qualified and had spent a number of years studying and working in a male-dominated environment in a foreign country. They were part of a small self-selecting group of women who had chosen to go against traditional norms by choosing to be trained as engineers and scientists and leaving their home country in the pursuit of higher education abroad. The women entrepreneurs in the non-high sectors were less well endowed in terms of human capital, but possessed social capital in the form of a network of contacts and support from within their own ethnic community. The latter enabled them to start businesses that operated in small niche markets.

A comparison of the experiences of these two groups of women shows that the accumulation of human capital proffers capabilities to aspiring women entrepreneurs that include not only the technical skills for starting a business, but also the ability to negotiate the host country environment and communicate with people outside of the ethnic community to achieve business objectives. In the course of accumulating human capital, the woman gains self-confidence and also builds up social capital, in the form of valuable business and professional contacts, which strengthens her ability to team up with other professionals, raise capital, access information and customer leads, and successfully start a business.

We find that the acquisition of human capital can help the woman entrepreneur to break out of the cultural stereotype dictated by her community. In the absence of significant human capital endowments, social capital, arising from the entrepreneur's network of social contacts, becomes a more important factor in influencing business entry and performance. However, if the opportunities for interacting with the outside non-ethnic community remain limited, the entrepreneur may not be able to compete in the mainstream market and may continue to operate a small business.

Our study indicates that an often unacknowledged factor that enables the woman to break out of the cultural stereotype of gender roles is the strong support from her husband in encouraging her to defy tradition and take the leap into entrepreneurship. A supportive husband and family play a crucial role in enabling the woman to manage work-life balance issues and aspire to create and lead high growth businesses.

Thus, in order to be successful entrepreneurs, women have not only to design innovative strategies for their business, but also come up with innovative solutions to overcome the constraints they face in carrying out the traditional roles they are expected to assume by their culture and society.

References

1. Aldrich, H. (1989) 'Networking among women entrepreneurs' in Hagen, O. and Sexton, D. (eds.) *Women-owned Businesses*, New York: Praeger.
2. Basu, A. and Altinay, E. (2003) *Family and work in minority ethnic businesses*. Bristol: The Policy Press. Brush, C., Carter, N., Gatewood, E., Greene, P., and Hart, M. (2001) *The Diana Project Women business owners and equity capital: the myths dispelled*. Kansas City, Missouri: Kauffman Center for Entrepreneurial Leadership.
3. Brush, C., Carter, N., Greene, P., Hart, M., and Gatewood, E. (2002) 'The role of social capital and gender in linking financial capital and entrepreneurial firms: a framework for future research' *Venture Capital*, 4(4), pp. 305-323.
4. Drucker, P., 1985, *Innovation and Entrepreneurship*, New York: Harper & Row.
5. Granger, B., Stanworth, J. and Stanworth, C. (1995) 'Self-employment career dynamics: the case of "unemployment push" in UK book publishing' *Work, Employment and Society*, 9(2), pp. 499-516.
6. Hisrich, R.D. and Brush, C. 1984 'The woman entrepreneur: management skills and business problems' *Journal of Small Business Management*, 22(1), pp. 30-37.
7. Hisrich, R.D. and O'Brian, M. 1982 'The woman entrepreneur as a reflection of the type of business' in K.H. Vesper (ed.) *Frontiers of Entrepreneurial Research*, Boston, MA: Babson College, pp.54-67.
8. Kupferberg, F. (2003) 'The established and the newcomers: what makes immigrant and women entrepreneurs so special?' *International Review of Sociology*, 13 (1), pp 89- 104.
9. Menzies, T.V., Diochon, M., and Gasse, Y (2004) 'Examining venture-related myths concerning women entrepreneurs', *Journal of Developmental Entrepreneurship*, 9(2), pp. 89-107.

10. Merton, R.K (1938/1968) 'Social structure and anomie' in Merton, R.K. *Social Theory and Social Structure*, New York and London, The Free Press.
 11. Schwartz, E. (1976) 'Entrepreneurship: a new female frontier', *Journal of Contemporary Business* 5(1), pp. 47-76.
 12. Scott, C.E. 'Why more women are becoming entrepreneurs' *Journal of Small Business Management*, 24(4), 37-44.
- 1 The respondents have been assigned fictitious names in the interests of confidentiality.