

# Female vs. Male Entrepreneurship – is there a difference?

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## **Abstract**

Entrepreneurship can be defined as the readiness of an individual to take a risk and start a new business in order to realize profit. The person who decides what to create for whom and how is called an entrepreneur. To be a successful entrepreneur one has to possess certain characteristics. The characteristics that mostly describe entrepreneurial competence include planning and managing projects in order to achieve objectives, mostly in a complex environment, including creativity, innovation and risk taking ability. This paper provides overview of findings of various entrepreneurial competence research by comparing the crucial aspects of competences that entrepreneurs, both male and female are expected to have, with the physical and psychological characteristics of female and male managers that are correlated to the business performance and it's monitoring in strategic leadership context. Variety of studies shows the connection of entrepreneurship competencies and gender, claiming that women worldwide own and manage less business than men, they tend to focus on different business sectors than men, and have different socioeconomic conditions such as education, social status, financial capacities and similar (Minniti and Naudé, 2010).

This paper provides a comprehensive framework of knowledge, skills and attitudes necessary for the fulfilling a successful role of entrepreneur in a complex gender environment as well as comparison between female and male characteristic in correlation with being a successful entrepreneur.

**Keywords:** entrepreneurial competence, female entrepreneurship, competence research, gender.

## 1. INTRODUCTION

Entrepreneurship is vividly described as the engine of economic prosperity and is observed as in close relations to economic growth. The importance of entrepreneurship is even more emphasised and stressed as a possible response to existing economic crisis. Therefore, significant factor of development planning in any business sector is the development of entrepreneurial competence. This paper will focus on differences and similarities of competences features of male and female entrepreneurs and their comparisons aiming to identify potential gender specificities in that area.

EU has identified entrepreneurship as one of eight key competences that are necessary to everyone for personal development, active citizenship, social inclusion and employment. Entrepreneurship includes creativity, innovation, risk taking, planning and management, and is described as transferring ideas into action. It is also about identifying opportunities and developing possibilities taking into account moral values and ethical standards (Official Journal of the European Union, 2006: 3-11). As explained in the publication of the EU called "Green Paper - Entrepreneurship in Europe", entrepreneurship is foremost a mindset, specifically motivation, capacity and willingness of an individual to identify and pursue an opportunity with a goal of creating new value of profit (European Commission, 2003: 5-6).

We can explain competency through various definitions, but all of them identify three types of features of that concept, and those are: knowledge, skills and attitudes (or characteristics, values etc.). There are other features that are part of the mentioned "main three features" competences or are significantly connected to them such as: beliefs, abilities, wisdom, expertise, values etc. All those features have a great influence on job performance of an individual and are or can be improved by training and education. Therefore, the key issue in business performance is identifying and building competences. We can use and apply Entrepreneurial Competence in a variety of business sectors and jobs. We will focus on male and female characteristic of an entrepreneur. Keep in mind that this data is generalized and does not indicate the

views of the authors but merely serves as a starting point in determining the basic differences in male and female entrepreneurship.

## **2. FEMALE AND MALE ENTREPRENEURS' CHARACTERISTICS**

There are numerous definitions and lists of an entrepreneurs properties and one of the most influential is the Gibbs list of entrepreneurs characteristics: taking initiative, persuasion, (reasonable) risk taking, flexibility, creativity, independence, problem solving, need for accomplishments, imagination, belief in controlling your own destiny, leadership abilities and work persistence (Gibb, 1987 referenced by Baranovic, Stribic and Domovic, 2007: 342). Innovativeness and creativity are also required along with firm knowledge of management and business. There are also readiness to take risks, independence and self-realisation as specific characteristics of entrepreneurial behaviour (European Commission, 2003: 5-6).

A gender difference in diffusion of entrepreneurship has been a topic of many studies over decades. Numerous studies have shown a higher prevalence of entrepreneurship for man than that for women with similar backgrounds (e.g., Haber, Lamas and Lichtenstein, 1987; Brush, 1992). Also this gender difference tends to be robust across countries and cultures. In an ideal world every person, regardless of age, gender, origin, financial status should have an equal opportunity to realize his/her potential. Taking in account this statement, the question about the potential of female entrepreneurship arises.

If female and male characteristics are compared with regards to leadership and management abilities, started from the physical diversities, the basic difference is that female brain is defused and uses significant portions of both hemispheres, so it's able to multitask, whereby the male brain is specialized and uses specific parts of one hemisphere or the other, mainly the left one, in order to accomplish specific task. Average weight of an adult male brain is 11 – 12 % more than the average brain weight of a female. Due to their larger corpus collosum women can transfer data between the right and left hemisphere faster than men. Furthermore, female are more creative and more aware of feelings whereby male are dominantly task-oriented, and their

perceptual sense is vision. Females have broader perspective of things whilst males focus more on narrow issues.

In a decision making process, the female are less risk taking then male (Heilman et al., 2004). Several large scale studies on female and male entrepreneurship conducted on several nations revealed that female entrepreneurs are less successful in objective success measures, including lower sales, slower growth, and lower profits (Brush, Carter, Gatewood, Greene and Hart, 2006; Welter, Smallbone and Isakova, 2006). If we compare female and male entrepreneurs, women entrepreneurs are less likely to seek start-up capital (Fay and Williams, 1993) as well as angel financing (Becker-Blease and Sohl, 2007). They also have less financial and human capital (i.e. education and quantity of work experience) invested in their start ups, and less access to business clients beyond their traditional household clientele. Women are to some extent discriminated at various stages of entrepreneurship that include lower salaries and the conflict between work activities and motherhood.

### **3. FEMALE ENTREPRENEURSHIP – WHAT IS ACHIEVED AND WHAT STILL HAS TO BE DONE?**

General-held gender stereotypes exist in many countries against woman entrepreneurs (Marlow and Patton, 2005) and in this part of the paper we will focus on Female Entrepreneurship. Entrepreneurial career is generally associated with masculine characteristics (Buttner and Rosen, 1988; Ahl, 2006; Lewis, 2006). Several studies have demonstrated that these gender role stereotypes influence men's and women's intention to pursue an entrepreneurial career (Fagenson and Marcus, 1991; Gupta, Turban and Bhawe, 2008). These stereotypes may result in female entrepreneurs' stronger self – imposed barriers to growth and less favorable perceptions of themselves and the entrepreneurial environment, as compared to male entrepreneurs (Langowitz and Minniti, 2007). Consequently, many women entrepreneurs tend to use entrepreneurship as a means of balancing work and family, rather than achieving final success (Brush, 1992; Bird and Brush, 2002; Kepler and Shane, 2007).

Several studies show that in transition countries, female entrepreneurship has a strong significance for their development. In businesses managed by females, employment of other women is encouraged which leads to elimination of discrimination of woman on labor market. Women's trafficking is also one of the arising problems in transitional countries which can be managed by encouraging female entrepreneurship and in the end it serves as a model for reduction of unemployment for new generations of women on labor market.

Based on data analysis, active policy and legislative basis in the Republic of Croatia we can generate three scenarios regarding future developments of the role of woman in entrepreneurship.

The first scenario regards set backs which features return of promoting a strong traditional role of women in the society. Such attitudes discourage woman in realizing their full potential.

Second scenario is a scenario of keeping the current situation (status quo). In that case share of woman in leading positions in entrepreneurship will stagnate or small steps forward will be made.

Third scenario (Open Doors) foresees growth of number of women in entrepreneurship and leading positions in businesses.

To achieve third scenario it is necessary to create strategies for female entrepreneurship development. It is also important to harmonize practices and create a legal basis for numerous institutions that follow data on activities of business entities.

The indicators of companies' business activities show that female entrepreneurship is currently mainly being developed in micro-sized and small-sized enterprises, mostly through self-employment.

Woman entrepreneurs' main strengths are innovativeness, determination and persistence that they have in order to achieve their goals. With years of experience the initial weaknesses disappear and they gain customers' trust, position on the market, they feel the power, but also the burden of earned reputation.

Although due to less risk taking abilities and cultural context, women are still strengthening their position as entrepreneurs, and even though there are still some stereotypes of female entrepreneurs, in the area of Project management and especially in managing EU funds, women have a strong position.

The activity of institutions and individuals are all equally important for prosperity and only our joint approach to the problem can bring things forward and increase opportunities for woman in entrepreneurship.

#### **4. CONCLUSIONS**

Being an entrepreneur means turning ideas into actions, but to make that happen one must of course have a set of competences to do it. Although there are a variety of different definitions and descriptions of what entrepreneurs and their competencies are, they all have some basic similarities and differ in aspects according to a specific author. The following entrepreneurial competences are determined as: management of a business entity, human resources management, identifying business opportunities, assessing, taking and managing risks, communication skills and networking, adaptability and imagination.

Talking about gender balance in an entrepreneurial environment, although studies have shown that entrepreneurship has a higher prevalence among man than women and the existing stereotypes about woman entrepreneurs, we can approach that problem through the series of characteristics and abilities necessary for a successful entrepreneur. Analysing male and female leadership and management abilities we can generalize and state that women are better managers due to the fact they have a stronger multitasking abilities, broader approach on things and less risk taking appetite, and male are more dominant entrepreneurs because of more ability to enter an unsecure area, their focus on narrow issues and their visionary approach. Taking those arguments into account, a gender balanced environment, is a precondition, both in companies as well as in projects to success and production of results, whereby good communication is a must. Although woman are still strengthening their position as entrepreneurs, we can say that, due to their specific abilities and characteristics of an

entrepreneur that differ them from men, they are reinforcing their position in companies and projects and are in that way achieving better gender balance.

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