

His business, her business:

How different are men and women's motives for entrepreneurship?

In some economies, male entrepreneurs outnumber female entrepreneurs four to one. How can public policies bridge such a large gender gap – and eventually boost growth? To encourage women to launch businesses, it's necessary to first understand their precise motives, which are distinct from men's, as a novel study shows.

Biography

Johan Maes has been teaching human resources management, organization theory and quantitative research methodology at IESEG since 2010. He obtained his Master's in commercial engineering in 1998, then his Ph.D. in applied economics in 2006 from the KU (Catholic University) Leuven in Belgium, where he is also a guest lecturer.

Methodology

Johan Maes and his co-authors conducted a survey on a sample of 437 business students from Ghent University and KU Leuven, the two largest universities in Flanders, Belgium. The graduate students were asked to rate how much they agreed with items in 8 thematic sets about entrepreneurship, ranging from their personal intentions to their beliefs in terms of necessary skills and resources and support from the government or their friends, families and partners.

TEXT

Quick, name a famous entrepreneur! Was the first name to pop into your head Bill Gates? Steve Jobs? Maybe Richard Branson? But how many male names until you thought of Arianna Huffington or Oprah Winfrey? The test will probably work just as well for mom-and-pop shop as for multi-billion-dollar businesses. That's because there are fewer female than male entrepreneurs, as the Global Entrepreneurship Monitor, an international study, notes in its annual reports. This discrepancy exists in nearly every economy, except in a handful of countries among which Ecuador, Mexico, and Ghana (where businesses are likely to be roadside fruit stands, but businesses nonetheless). Still, all studies demonstrate striking differences between men and women in entrepreneurial activity. Belgium for instance has a whopping ratio of four male to one female entrepreneur. This means there is ample room to encourage women to launch business ventures, which is particularly strategic in the current context of economic downturn. "Stimulating entrepreneurship is the most obvious way to create economic growth and get out of the crisis. It's a top priority on the agenda in many countries, and especially in Western Europe and North America," says IESEG researcher Johan Maes. But in order to provide the right stimulus, it's necessary first to identify what motivates entrepreneurs, male and female.

Modeling entrepreneurial behavior

Research over the past decades has already shown the effectiveness of a psychological model, the Theory of Planned Behavior (TPB), to predict entrepreneurial intentions. Johan Maes and two co-authors, Hannes Leroy from Cornell University in the US and Luc Sels from the KU Leuven in Belgium, used that model as a guiding framework to examine the gender gap in entrepreneurial intention. The Theory of Planned Behavior aims to explain many kinds of human behavior, from smoking to the pursuit of higher education, or in this

case entrepreneurship, through three factors: personal attitude (is the person interested), perceived social norms (is the environment supportive), and perceived ability (does the person possess the necessary skills) regarding the said behavior. The fact that the model is based on perceptions rather than solid facts does not make it any less relevant. As Johan Maes points out, “perceptions are the core drivers that push people to act or not to act.” In previous studies based on the TPB model, researchers have found a positive and significant influence of gender on two of the three factors: men feel more attracted to an entrepreneurial career (attitude) and deem themselves more capable of achieving it (perceived control) compared to women. In an interesting cultural comparison, similar observations were made on a study on the entrepreneurial intentions of Chinese graduates. However, social norms were found to have little effect. Johan Maes qualifies these results, though, saying he believes general social norms do play some role, albeit less strongly than the opinions of immediate close circles of friends, families and partners. “If we distinguished between the reasons for entrepreneurship, I think social norms would be stronger, in the sense of approval if the motive is economic necessity, less so if the motive is simply to enjoy more autonomy than in salaried employment,” he says. But the researcher and his co-authors dug deeper into the actual measurement of the TPB model.

Measuring the interplay of gender and perceptions

The researchers fine-tuned the measurement instruments by looking at the indicators behind the explicative factors. For example, on the factor level, an individual may see entrepreneurship as more or less desirable, but men and women do so for different reasons: wealth, autonomy, self-fulfillment, and so on. To test where and how gender plays a role in shaping attitudes, etc., they asked 437 Belgian business students – on the verge of deciding on their career orientation – about their opinions regarding entrepreneurship. The survey covered expectations (for example “as an entrepreneur you make a good living”) as well as preferences (“I think it is important to earn enough money”). The analysis confirmed several hypothesis regarding gender differences. When it came to personal attitudes, men were motivated mainly by money and the challenge of launching a business. Women, though also motivated by money, saw entrepreneurship more as an opportunity to strike a better work/life balance. Regarding perceived control, the overall picture showed that internal aspects (“is my idea valuable enough?”) were stronger predictors of entrepreneurship than external aspects (“is the market favorable?”), which did not weigh much. The exception was the legislative environment (“will I make it through the administrative mumbo-jumbo?”), which seemed to daunt women. Also, women attributed more importance to having adequate capabilities than men, perhaps because entrepreneurial skills – decision making, problem solving, leadership, and so on - are more male-stereotyped. Finally, though women appeared more eager than men to comply with social expectations, the study did not detect any significant differences in the normative beliefs of men versus women.

Encouraging entrepreneurship

With all these subtleties in mind, how can governments design public policies not just to encourage entrepreneurship in general, but also to encourage women to overcome the specific impediments obstructing their participation? Johan Maes suggests that advisory bodies need to be aware of gender differences in motivations so as to give adequate support. One example could be promoting entrepreneurship as a way to answer a female-gendered issue such as balancing work and family life. “But it's tricky,” he admits. “Setting up gender-specific advice could backfire: either men or women could get angry at the idea of being targeted differently.” Also, he figures that in some economies where

telecommuting and flexible schedules are becoming more common, the flexibility driver could become less strong. The researcher thinks that another way to encourage women to believe that they have what it takes is simply to have more female role models. "Female entrepreneurs need to be more present, to tell their stories in the media," he says. He is also trying to convince his colleagues to invite more female businesswomen for chats with students in classrooms.

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