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MOTIVATIONAL FACTORS OF INTENDING FEMALE AND MALE ENTREPRENEURS

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Abstract

This study examines men and women intending entrepreneurs, who have graduated with an MBA from a top tier Business School. Entrepreneurs are compared to non-entrepreneurs for both men and women. A comparison between entrepreneurs and non-entrepreneurs with similar backgrounds allows for a more meaningful examination. The study focuses on career motivators of intending entrepreneurs and the findings both support and refute previous literature. Among the findings: intending women were not more dissatisfied with their careers, and they did possess different career motivators and intentions than women who were not likely to become entrepreneurs. The difference between intending and non-intending women matched a similar pattern between intending and non-intending men.

Introduction

The past decade witnessed a dramatic growth in women-owned businesses. According to the Small Business Administration (Lowery, 2001), there are nine million women-owned businesses in the US, and this number did not include home-based micro businesses. These female-owned businesses employ 27.5 million people and generate more than $3.6 trillion in sales. Women now own nearly 40% of all private businesses and are starting businesses at twice the rate of men. The impact of this phenomenon on the U.S. economic landscape is significant, and researchers continue to explore differences in characteristics, motivations and styles of female entrepreneurs. Current literature reveals that, while there are many similarities between female and male entrepreneurs, a number of differences—particularly in regard to career motivations and satisfaction—exist. A higher proportion of women seek entrepreneurship to create balance between work and family. More recent efforts have suggested that the existence of dependent children in the entrepreneurial household increases gender motivational differences.

Previous comparisons of the motivations women and men entrepreneurs often suffer because studies have not controlled for educational levels, career opportunities, and career stages. Additionally, few have sought to explore career motivations during the pre-venture planning stage, prior to the establishment of the enterprise. This study contributes to the literature by comparing MBA graduates who are similar in backgrounds, ages, and education level, which have stated that they "intend or are very likely" to become entrepreneurs in the near future.

For this study, a sample of MBA graduates from a leading business school was chosen. Four groups were compared within the survey: (1) women very likely to become entrepreneurs (intending women), (2) women unlikely to become entrepreneurs (non-intending women), (3) men very likely to become entrepreneurs (intending men), and (4) men unlikely to become entrepreneurs (non-intending men). In this case, these groups share an education and a credential that is valued in the workplace. To date, no study has been found that compares women and men MBA graduates who plan to start their own venture.

Previous Research

Previous research suggests that, while there are similarities between women and men entrepreneurs in the areas of personality factors (Brush 1993; Chaganti 1986; Longstreth, Stafford, and Mauldin 1987); and motivations (Sexton and
Bowman 1986, 1990), important differences exist. In a comprehensive literature review Brush (1993) notes that previous research identifies a number of motivational differences between women and men entrepreneurs. She observes that a higher proportion of women are motivated by dissatisfaction with their current employment, and view business ownership as a job alternative that is more compatible with other aspects of their life. She also notes that women are motivated to a much larger extent to create businesses that allow flexibility to balance work and family (Buttner 1993; Geofee & Sase 1983; Kaplin 1988; Scott 1986). Buttner (1993), supporting this notion, argues that while men and women possess many similarities, women are influenced and motivated more by family needs and men by economic motives. Orhan (2000) summarizes the differences identified by Brush by contrasting a constructivism framework with a psychological framework. Constructivism argues that female entrepreneurs are using entrepreneurship to avoid the constraints that women face in the workplace, i.e., the glass ceiling. The psychological argument states that entrepreneurship can be a lifestyle choice for women who are seeking more choice in their lives.

The inconsistency of some analysis and the failure of existing research to uncover explanations for differences between women and men-owned businesses has resulted in recommendations for further research into these ideas. In particular, Fischer, Reuber, and Dyke (1993), state:

*If the existence of male/female differences is being posited, empirical evidence comparing women and men drawn from the same population at the same time is necessary...*

**Family and the Need for Flexibility**

Recent research has sought to develop a greater understanding of the underlying career goals of men and women and how that relates to family obligations and flexibility. Several researchers conclude that autonomy and flexibility to focus on family needs allures many women to start their own business. Maysami and Goby (1999) found that female entrepreneurs in Singapore are motivated by freedom and flexibility, which help them to integrate their work lives with their personal lives and family obligations. Fasci and Valdez (1999) concluded that women-owned businesses were smaller and less profitable for this reason. Their study compared female-owned accounting practices to male-owned accounting practices. They found that productivity, measured by profit ratio (the ratio of net profit to gross revenues), was highest in men-owned accounting practices. The study also revealed that businesses that were established because of a desire for flexibility possess a lower profit ratio, and women owned 95% of these businesses. The study concludes that women confront barriers because of their gender and the authors cite previous research that argues that these barriers are a result of socialization practices, educational experiences, family roles, and networking. They argue that the lower productivity of women owned businesses is the result of these factors.

Still and Timms (2000) propose that family considerations were especially important for women business owners, who did not rely on their business for the primary source of family income. Focus group interviews with 63 women small business owners in Australia revealed that women are motivated to start a business because of lifestyle issues, i.e. flexibility and the ability to balance work with their relationships and family. It was also shown that money is not a measure of success for women, and this is because they are free from the obligation of being the primary breadwinner for the family. However, the women who were either widowed or divorced did indicate that money is a primary motivator. This research confirmed the “new” model of the women entrepreneur, which argues that the amount of time a woman spends on her business is linked to her life stage. This study explains why some women do not want to grow their business. The authors call for additional research.

**Disenfranchisement with Work**

The dissatisfaction that women entrepreneurs experience in working for others may be another explanation for differing goals between men who become business owners and women who become business owners. This difference in previous employment experience could lead women to start businesses for different reasons than men.
However, once again, studies that have focused on this question have not been limited to women or men who are well credentialed and well prepared for corporate careers. The idea that women are “pushed” toward careers as entrepreneurs, because they often feel dissatisfaction working for others may be a more recent phenomenon. In a recent study, Moore and Buttner (1997) used anecdotal evidence to show that women are less engaged by corporate careers, and this frustration and disenfranchisement pushes them to seek careers as business owners outside the corporate culture. Pihkala, Vesalainen and Viitala (2000) tested the idea that female entrepreneurship is in transition by examining entrepreneurial intentions among women in Finland. They describe the “modern” female entrepreneur as someone who seeks professional growth, but who is blocked from advancement by the glass ceiling. They found that “push” factors, i.e., dissatisfaction with one’s current job are stronger in women who have entrepreneurial intentions than men who have entrepreneurial intentions. This was not the case when women who didn’t have entrepreneurial intentions were compared to men who didn’t have entrepreneurial intentions. At the same time, intending women also had higher pull factors than intending men. The study also showed that intending women differ from non-intending women much more than intending men differ from non-intending men. In other words, female entrepreneurs are more distinctive than male entrepreneurs. A study by Zapalska (1997) used a telephone survey of 110 male and 40 female entrepreneurs in Poland. Female entrepreneurs differed from male entrepreneurs in the motivation to start a new business in that the females more frequently stated that their dislike for their boss drove them to start their own business. Although the survey found no differences in personality attributes between men and women entrepreneurs, female entrepreneurs were more oriented to long-term financial goals, while males were more focused on short-term financial goals.

Survey and Research Methods

Participants

In 1998 a survey was administered to alumni of an MBA program from a well-known business school that consistently ranks among the top business schools in the U.S. Its program focuses primarily on traditional MBA applicants, with the average admitted student in the past 20 years possessing approximately 4 years of work experience. The program is exclusively full time and does not offer part-time MBA programs. Its graduate placement, in terms of compensation and industry, is representative of the other leading business schools. The vast majority of program graduates are in their late 20s or early 30s with significant training and job opportunities. In addition, previous exploratory research suggests that the career path of other top business school graduates share a number of similarities (Muzyka, Stevenson, & Larson 1991).

Procedures and Statistical Analysis

The survey was administered to the entire population of MBA alumni, totaling approximately 5800 individuals. Over 2400 alumni responded to the survey providing a response rate of 42%. Of those surveyed, 320 alumni responded that they were very likely to become entrepreneurs in the next few years. The survey requested information on those factors (motivators) influencing the respondents’ career management decisions over the next five years. Five of these factors sought to measure traditional entrepreneurship motives of freedom and wealth creation: desire for equity/ownership, desire for self-employment, desire to be free from close supervision, dynamic challenges, and earnings and income potential. An additional factor sought to measure career advancement potential and was listed as “rapid career advancement”. Three variables sought to measure family related flexibility: partner/spouse career issues, child requirements, and quality of life.

The analysis reports the results of only those entrepreneurs graduating in the past 20 years with

1 The survey revealed that the mean work experience of admitted students in the past 20 years was 3.77 years with a standard deviation of 2.48.
210 respondents. This was done because prior to 1978 very few women graduated from the population explored. Including earlier graduating classes would have potentially biased the resulting gender comparison.

This report provides a descriptive analysis of the findings. The accompanying cross tabulation tables provide proportions, response levels, chi square scores, and levels of significance of the data.

Findings

The survey revealed that a slightly smaller proportion of intending women were less satisfied with their careers than non-intending women. This difference, however, was not statistically significant. Different degrees of career satisfaction between intending men and non-intending men, and intending women and intending men were not statistically significant.

Differences within Genders

The differences between intending and non-intending women mirror those between intending and non-intending men. A higher proportion of both women and men intending on entrepreneurship valued those motivators directly associated with entrepreneurship; more than their non-intending peers. These differences are directionally and proportionately similar.

Differences related to Marital and Dependent Status

A number of substantial motivational differences emerge when intending women and men are compared by marital and dependent status. Married women with dependents proportionately value “earnings and income potential” (40% vs. 80%) and “dynamic challenges” (66.7% and 96.0%) at substantially and statistically significant lower rates than intending women (both married and single) without dependents. “Career advancement” (13.3% vs. 32%) was also valued at a lower rate, but the differences were not statistically significant due to the small sample size. Other traditional entrepreneurship motivators, such as desire for equity, self-employment, etc., are preferred at proportionately lower levels, but these differences were not statistically significant. The differences between married women with dependents and women without dependents are in contrast to the differences between married men with dependents and men without dependence. No substantial differences between men emerged.

The lower intensity of preference for career and financial concerns demonstrated by married women with dependents may, in some way, be explained by the by the contribution to family of this group’s spouse or partner. Only 23.5% of married women with dependents represented their family’s primary income. This compared to 88.6% of married men with dependents that represented their family’s primary income.

Discussion

The purpose of this study was to explore the factors and motivations that lead women to entrepreneurship and compare them with other women and men of similar backgrounds and educational levels. Pervious research has neglected to explore women and men with similar educational, career phase, etc. backgrounds. It also has also neglected to compare women, who plan on becoming entrepreneurs, with their demographically similar female peers. The study’s finding refute and support a number of findings regarding the reasons why women become entrepreneurs. While a higher proportion of intending women were dissatisfied with their careers, this difference was not statistically significant.

Intending women possessed alternative career motivators and intentions than other women who were not likely to become entrepreneurs. As would be expected, they were motivated by a greater degree by professional freedom, self-direction, and dynamic challenges than their non-intending women peers. They also possessed a higher intensity of preferences for corporate ownership and equity associated with entrepreneurship. The difference between intending and non-intending women matched a similar pattern between intending and non-intending men. Intending and non-intending women, however, did not differ in their
commitment to their spouses’ careers and care of dependents. Both categories of women valued family and quality of life with the same proportional intensity of preference. Both intending and non-intending men valued these motivators proportionally lower than women.

The most substantial and interesting motivational differences emerged when comparing intending women by marital and dependent status. Women with spouses/partners and dependents possessed a statistically lower intensity of preference for a number of traditional economic and professional motivators, than intending women (both married and single) without dependents. They ranked “earnings and income potential” and “dynamic challenges” lower than intending women without children.

Previous research suggests a number of factors influencing female entrepreneurship and distinguishing it from male entrepreneurship. These explanations often touch on issues related to discrimination. Previous research also suggests that motivational factors differ between women and men, with women more focused on balancing work and family. This study supported the hypotheses that women are motivated to a higher degree by family related issues and men are motivated more to gain wealth through equity.

The results of this study suggest that women respondents were motivated to create businesses for a more diverse set of reasons than men. Intending men were motivated to entrepreneurship to create income and gain professional freedom. The survey reveals that they were not primarily motivated to gain a greater balance of work and family. In fact, the opposite appears the case.

Over 88% of married men with dependents represented their family’s primary income. Women tended to possess a lower intensity of preference for advancement and equity. These findings support the previous research of Brush (1993) and Maysami and Goby (1999), who also found that women entrepreneurs are motivated by family issues and flexibility.

Entrepreneurship as a career can offer a degree of flexibility and balance that some other careers do not offer. This study provides some clues as to why women owned businesses now make up 40% of all businesses, and women continue to start businesses at twice the rate of men. The study has implications for women who seek a career in entrepreneurship, as well as advisors who counsel intending entrepreneurs. Policy makers can also use these findings to ensure that programs designed to assist women entrepreneurs are aware of the motivations of intending women.

This study has been limited to the differences in career motivations between women and men who stated they were intending to become entrepreneurs. Further research is needed to understand how these different motivations impact entrepreneurial choices among the genders. Differences in motivators may impact the orientation toward growing a business venture, and this relationship also needs to be explored. Finally, since this study was limited to MBA graduates from a selective Business School, additional research that compares intending female and male entrepreneurs from other common bases would prove enlightening.
### TABLE 1

<table>
<thead>
<tr>
<th>Career Satisfaction</th>
<th>Not Very Satisfied</th>
<th>Very Satisfied</th>
<th>Chi Square</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intending Women</td>
<td>60.9 (n=28)</td>
<td>39.1 (n=18)</td>
<td>.937</td>
<td>.333</td>
</tr>
<tr>
<td>Other Women</td>
<td>53.3 (n=200)</td>
<td>46.7 (n=175)</td>
<td>.054</td>
<td>.816</td>
</tr>
<tr>
<td>Intending Men</td>
<td>54.9 (n=89)</td>
<td>45.1 (n=73)</td>
<td>.816</td>
<td>.445</td>
</tr>
<tr>
<td>Other Men</td>
<td>53.9 (n=445)</td>
<td>46.1 (n=380)</td>
<td>.816</td>
<td>.445</td>
</tr>
</tbody>
</table>

### TABLE 2

<table>
<thead>
<tr>
<th>Preferences</th>
<th>Intending Women</th>
<th>Non Intending Women</th>
<th>Chi Square</th>
<th>Sig.</th>
<th>Intending Men</th>
<th>Non Intending Men</th>
<th>Chi Square</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rapid Career Advancement</td>
<td>25.0%</td>
<td>25.1%</td>
<td>.80</td>
<td>.991</td>
<td>42.8%</td>
<td>46.2%</td>
<td>.584</td>
<td>.445</td>
</tr>
<tr>
<td>Company Equity</td>
<td>55.0%</td>
<td>25.2%</td>
<td>.20</td>
<td></td>
<td>83.4%</td>
<td>41.9%</td>
<td>83.757</td>
<td>.000</td>
</tr>
<tr>
<td>Self Employment</td>
<td>80.0%</td>
<td>15.6%</td>
<td>.83</td>
<td>.000</td>
<td>81.3%</td>
<td>15.8%</td>
<td>266.059</td>
<td>.000</td>
</tr>
<tr>
<td>To be Free from close</td>
<td>16.57</td>
<td>.000</td>
<td>27.163</td>
<td>.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supervision</td>
<td>72.5%</td>
<td>38.8%</td>
<td>42.7%</td>
<td></td>
<td>62.7%</td>
<td>39.1%</td>
<td>.848</td>
<td>.357</td>
</tr>
<tr>
<td>Dynamic Challenges</td>
<td>85.0%</td>
<td>70.9%</td>
<td>62.7%</td>
<td></td>
<td>81.8%</td>
<td>75.2%</td>
<td>.922</td>
<td>.087</td>
</tr>
<tr>
<td>Earnings and Income</td>
<td>1.177</td>
<td>.278</td>
<td></td>
<td></td>
<td>76.0%</td>
<td>72.3%</td>
<td>.750</td>
<td>.075</td>
</tr>
<tr>
<td>Potential</td>
<td>65.0%</td>
<td>56.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Spouse Co-Career Issues*)</td>
<td>70.8%</td>
<td>72.2%</td>
<td>1.163</td>
<td>.281</td>
<td>34.3%</td>
<td>27.2%</td>
<td>1.154</td>
<td>.283</td>
</tr>
<tr>
<td>Children/School**</td>
<td>86.7%</td>
<td>82.8%</td>
<td>1.018</td>
<td>.313</td>
<td>55.3%</td>
<td>49.7%</td>
<td>.102</td>
<td>.750</td>
</tr>
<tr>
<td>Quality of Life</td>
<td>87.5%</td>
<td>87.5%</td>
<td>.0004</td>
<td>.950</td>
<td>79.2%</td>
<td>74.1%</td>
<td>1.672</td>
<td>.195</td>
</tr>
</tbody>
</table>
TABLE 3
Married with Dependent Women vs. All others (No Dependents)

<table>
<thead>
<tr>
<th>Preferences</th>
<th>Married Women with Dependent</th>
<th>Married Women with No Dependents</th>
<th>Chi Square</th>
<th>Sig.</th>
<th>Married Men with Dependent</th>
<th>Married Men with No Dependents</th>
<th>Chi Square</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rapid Career Advancement</td>
<td>13.3%</td>
<td>32.0%</td>
<td>1.742</td>
<td>.187</td>
<td>33.3%</td>
<td>50.7%</td>
<td>2.803</td>
<td>.094</td>
</tr>
<tr>
<td>Desire for Company Equity</td>
<td>40.0%</td>
<td>64.0%</td>
<td>2.182</td>
<td>.140</td>
<td>83.1%</td>
<td>85.3%</td>
<td>.046</td>
<td>.830</td>
</tr>
<tr>
<td>Desire for Self Employment</td>
<td>66.7%</td>
<td>88.6%</td>
<td>2.66</td>
<td>.102</td>
<td>71.6%</td>
<td>86.6%</td>
<td>2.017</td>
<td>.156</td>
</tr>
<tr>
<td>Freec from close Supervision</td>
<td>60.0%</td>
<td>80.0%</td>
<td>1.881</td>
<td>.170</td>
<td>65.7%</td>
<td>59.1%</td>
<td>1.082</td>
<td>.298</td>
</tr>
<tr>
<td>Dynamic Challenges</td>
<td>66.7%</td>
<td>96.0%</td>
<td>6.327</td>
<td>.012</td>
<td>82.9%</td>
<td>82.1%</td>
<td>.003</td>
<td>.958</td>
</tr>
<tr>
<td>Earnings and Income Potential</td>
<td>40.0%</td>
<td>80.0%</td>
<td>6.593</td>
<td>.010</td>
<td>73.6%</td>
<td>79.4%</td>
<td>.395</td>
<td>.529</td>
</tr>
<tr>
<td>Spouse Co-Career Issues*</td>
<td>66.7%</td>
<td>77.8%</td>
<td>1.830</td>
<td>.201</td>
<td>27.1%</td>
<td>28.6%</td>
<td>.103</td>
<td>.748</td>
</tr>
<tr>
<td>Children/School**</td>
<td>86.7%</td>
<td>-</td>
<td></td>
<td></td>
<td>56.3%</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality of Life</td>
<td>93.3%</td>
<td>84.0%</td>
<td>.747</td>
<td>.388</td>
<td>84.5%</td>
<td>73.1%</td>
<td>3.24</td>
<td>.072</td>
</tr>
</tbody>
</table>

References


Pihkala, T., Vesalainen, J., & Viitala, R. 2000, "Motivational Background as an Explanation for Differences Between Male and Female Entrepreneurship", *Proceedings of the International Conference of Small Business*.

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