Gender Differences Among Social vs. Business Entrepreneurs

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1. Introduction

A rapidly growing body of research attests to the interest in women's entrepreneurship (e.g. Boyd, 2005; Bruni, Gheradi, & Poggio, 2004; Brush, Carter, Gatewood, Greene & Hart, 2006; Lerner & Pines, 2011; Mulholland, 1996; Pines, 2002; Pines & Schwartz, 2008). This interest is relatively recent (Humbert, Drew & Kelan, 2009). As Carter and Shaw (2006) have noted, research on entrepreneurship has been moving from looking at whether gender makes a difference to how it makes a difference. This chapter is a case in point.

Despite the growing interest and despite the fact that the number of women entrepreneurs has accelerated radically in recent years (Weiler & Bernasek, 2001) the gender gap in entrepreneurship is still very big. This is clearly evident in the Global Entrepreneurship Monitor (GEM) Reports on Women and Entrepreneurship (Allen, Elam, Langowitz & Dean, 2007; Allen, Langowitz & Minniti, 2006; Minniti, Allen & Langowitz, 2005) that examined the rates of entrepreneurship in over 40 countries and showed that in all these countries the rates of women's entrepreneurship were lower than men's. The 2009 data are based on 55 countries, but the picture remained very similar, as can be seen in the data presented in GEM Figure 1 which show early stage entrepreneurial activity rates by gender (Bosma & Levie, 2009 p. 25).

Even a cursory examination of GEM Figure 1 reveals several interesting findings, such as the very different rates of entrepreneurship in the different countries, ranging from as low as five percent to as high as over 35%. Part of the explanation for these differences, suggested by GEM, are the different types of economies, ranging from the poorest factor driven economies, through efficiency driven economies, all the way to the most advanced innovation driven economies.

Another interesting finding is the different percent of women as compared to men entrepreneurs in the different countries, ranging from a relatively small difference in countries such as Ecuador, Brazil and Tonga to a relatively large difference in countries such as Korea, Norway and France. In only two countries, Guatemala and Brazil, the percent of women entrepreneurs was higher than that of men. In all other 53 GEM countries, the percent of men entrepreneurs was higher than that of women.

The surprising finding that the percent of women entrepreneurs is higher in countries where the general income per capita is small and where women have no other option for
making a living (such as Ecuador) and lower in countries where the general income per capita is high (such as Norway) has been explained as a result of the difference between "necessity" and "opportunity" entrepreneurship, with necessity entrepreneurship found to be more prevalent among women (Allen, et al., 2006; Allen, et al., 2007; Bosma et al., 2009; Reynolds, Bygrave, Autio, Cox, & Hay, 2003). Related terms used in the entrepreneurial literature are "push" vs. "pull" factors, where "push" factors force people to become entrepreneurs, while "pull" factors attract them to entrepreneurship (Orhan & Scott, 2001).

Women in poor countries, it seems, are more influenced by "push" than by "pull" factors. In other words, when women are forced to by economic conditions they can be much more entrepreneurial; which is to say, women’s entrepreneurship is as much a result of circumstances as it is a result of innate tendencies.

This conclusion times the question of gender differences in entrepreneurship to the larger question of the origins of gender differences in human behavior. As noted by Eagly and Wood (1999), the origins of sex differences in human behavior may lie mainly in evolved dispositions that differ by sex or mainly in the differing placement of women and men in the social structure. The difference between these two options is critical because if gender differences are the result of social forces such as socialization, cultural norms and gender roles and stereotypes, they can be assumed to be changeable (e.g., Deaux & LaFrance, 1998; Ruble & Martin, 1998; Spence & Buckner, 2000). But if they result from evolutionary forces (e.g., Buss, 2000; Fisher, 1999) then they are innate and fundamentally unchangeable.

The discovery of cross-cultural variation in gender differences in entrepreneurship can be viewed as supporting the social structural (rather than evolutionary or biological) explanation for gender differences in entrepreneurship. Another finding that can support
the social perspective, is similarity in entrepreneurship between men and women. Such similarity can be explained by Schneider's (1987) Attraction Selection Attrition (ASA) model. Schneider’s basic proposition as that the processes of attraction to organizations, selection into organizations, and attrition from organizations produce over time a restriction of range on individual differences. Consequently, people who remain in an organization over time come to be rather similar. This has been referred to as the homogeneity hypothesis (e.g., Denton, 1999; Schneider, Smith, Taylor, & Fleenor, 1998). Based on Schneider's model, it can be expected that men and women who are attracted to an entrepreneurial career, who go through the selection process that screens out those who don't have the needed attitudes and personality, and who acquire the skills and experience needed for running a business, end up being rather similar, whether they are male or female.

This proposition was examined by Pines and Schwartz (2008) in three studies that addressed gender differences in entrepreneurship. Each study focused on a different subject population and different entrepreneurial activity. The first was a national telephone survey of adults. Its results showed few gender differences in entrepreneurial values. However, women described themselves as valuing job security more than men and men described themselves as more confident and as loving challenges more than women.

The second study involved management students who responded to a self-report questionnaire. Its results showed large gender differences in the willingness to start a business. About twice as many male than female students either had a business or intended to start one. Male students viewed themselves as more suitable to be a business owner, expressed greater preference for being one, and described themselves as being more entrepreneurial.

These findings can be explained by women’s tendency to perceive themselves in a less favorable light as entrepreneurs than men (Langowitz & Minniti's, 2007). However, all these gender differences almost disappeared in the group of the management students who either owned a business or intended to start a business.

The third study involved interviews with small business owners. Its results showed far more similarities than differences between male and female business owners, including similarities in demographic characteristics, work and businesses characteristics and reasons for starting a business.

Combined, the three studies can be interpreted as supporting Schneider's (1987) ASA model and the social perspective on the origin of gender differences in the case of men and women entrepreneurs. The current chapter extends the discussion of the gender gap in entrepreneurship to a comparison between business and social entrepreneurs.

Social entrepreneurship has been growing fast in recent decades with the growing number of third-sector organizations, the segment of the economy that is neither public nor business. The trend in many countries of adopting the ideology of diminishing government involvement in the economy and in society has made it increasingly more difficult for welfare states to answer social needs and claims, and has broadened their reliance on the activities of the third-sector nonprofit organizations (NPOs) (Sharir & Lerner, 2006). As a result there is growing interest in the activities of social entrepreneurs in different countries and contexts.

Social entrepreneurs have been described as “People who realize where there is an opportunity to satisfy some unmet need that the state welfare system will not or cannot meet and who gather the necessary resources and use these to ‘make a difference’”
As such, social entrepreneurs are perceived as change agents who create and sustain social value without being limited by the resources at hand (Stevenson & Jarrilo, 1991).

Like business entrepreneurs, social entrepreneurs establish new organizations, develop and implement innovative programs, and organize or distribute new services. Even though they are differently motivated, the challenges and problems facing social entrepreneurs during the initiation, establishment and institutionalization of their ventures resemble those faced by business entrepreneurs (Yitzhaki, Lerner & Sharir, 2008). However, their activity is valued by their ability to maximize social rather than economic returns (Sullivan Mort, Weerawardena & Carnegie, 2003).

It appears that the main difference between entrepreneurs operating in the business sector and those operating in the not-for profit sector is in the latter's sense of mission and service as opposed to the goal of profitability and financial gains that characterizes the former. A sense of mission and a commitment to service, as opposed to profit, also characterize women (e.g., Fisher, 1999; Helgesen, 1990; Henning & Jardim, 1978). Thus the gender gap in entrepreneurship can be expected to be smaller in social entrepreneurship as compared to business entrepreneurship. In other words, the rate of women in social entrepreneurship can be expected to be similar or even higher of the men.

2. Results

The results of a GEM 2009 study of gender differences in Social Entrepreneurial Activity (SEA) (Bosma & Levie, 2009) offer partial support for this proposition. These findings revealed that social enterprises were more likely to be started by men than by women, but the gender gap was not as big as the Total Entrepreneurial Activity (TEA) in business enterprises. These results are evident in Figure 2 below. Figure 2 presents men’s and women’s mean SEA and TEA entrepreneurial activity by type of economy based on GEM 2009 data.

![Figure 2. Men’s and women’s mean entrepreneurial activity by type of entrepreneurship and type of economy.](www.intechopen.com)
It is clear from Figure 2 that the rate of Social Entrepreneurial Activity (SEA) of women was very similar across the three different categories of economic development, while the rates of men's SEA increased with economic development (lowest in Factor driven economies and highest in Innovation driven economies).

A further examination of the gender gap in entrepreneurial activity is suggested in Table 1, which compares men and women’s early stage SEA and TEA in the three types of economies, based on GEM 2009 data.

<table>
<thead>
<tr>
<th></th>
<th>SEA</th>
<th>TEA</th>
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<tbody>
<tr>
<td><strong>Factor Driven Economies</strong></td>
<td></td>
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</tr>
<tr>
<td>Average Female</td>
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<td>14.4</td>
</tr>
<tr>
<td>Average Male</td>
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<td>20.9</td>
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<tr>
<td>Std.</td>
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<tr>
<td>Average Male</td>
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<td>0.4</td>
</tr>
<tr>
<td>Average Difference</td>
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<td>0.4</td>
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<tr>
<td>Relative Difference</td>
<td>0.4</td>
<td>0.4</td>
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<tr>
<td>Efficiency Driven Economies</td>
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<tr>
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<td>0.7</td>
<td>8.9</td>
</tr>
<tr>
<td>Average Male</td>
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</tr>
<tr>
<td>Std.</td>
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<td>4.6</td>
</tr>
<tr>
<td>Average Female</td>
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<td>5.7</td>
</tr>
<tr>
<td>Average Male</td>
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<td>0.3</td>
</tr>
<tr>
<td>Innovation Driven Economies</td>
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</tr>
<tr>
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<tr>
<td>Std.</td>
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<tr>
<td>Average Female</td>
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<tr>
<td>Average Male</td>
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<tr>
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</table>

Table 1. Comparison between Social Entrepreneurial Activity (SEA) and Total Entrepreneurial Activity (SEA), by Type of economy and by Gender (Percentages)

Table 1 presents the percent of women’s SEA (column 1) and TEA (column 5), the percent of men’s SEA (column 2) and TEA (column 6) the difference between women’s and men’s SEA (column 3) and between women’s and men’s TEA (column 7), and the relative difference in men’s entrepreneurial activity (the percent difference divided by the percent of employed men) for SEA (column 4) and TEA (column 8).

Table 1 and Figure 2 show very clearly the differences between SEA and TEA, between men and women and among the three types of economy. They demonstrate the following:

- Business related entrepreneurship is much more prevalent than social entrepreneurship
- Men are more entrepreneurial than women
- There are different entrepreneurial rates in Factor, Efficiency and Innovation driven economies
- The gender differences in entrepreneurial activity are smaller in SEA than in TEA.
- Women’s SEA in the three types of economy is much more similar than women's TEA.

Table 2 and Figure 3 present the relative difference (i.e., Male-Female/Male) between men’s and women’s Early-Stage SEA and TEA, in Factor, Efficiency and Innovation Driven economies.
Table 2. Comparison of the Relative Gender Difference in SEA and TEA by Type of Economy: Averages and Standard Deviations

Only the relative rates (means and SDs) in the entrepreneurial activity of the three types of economies are presented in Table 2: in column 1 the mean for SEA and in column 3 for TEA, in column 2 the SD for SEA and in column 4 for TEA.

<table>
<thead>
<tr>
<th>Type of Economy</th>
<th>SEA Average</th>
<th>SEA SD</th>
<th>TEA Average</th>
<th>TEA SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factor Driven Economies</td>
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<td>0.5</td>
<td>0.4</td>
<td>0.3</td>
</tr>
<tr>
<td>Efficiency Driven Economies</td>
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<td>0.4</td>
<td>0.4</td>
<td>0.3</td>
</tr>
<tr>
<td>Innovation Driven Economies</td>
<td>0.4</td>
<td>0.3</td>
<td>0.5</td>
<td>0.3</td>
</tr>
</tbody>
</table>

*Relative Difference = (Male-Female)/Male

Fig. 3. Comparison of the Relative Gender Difference in SEA and TEA by Type of Economy

Once again Table 2 and figure 3 make the relative differences between SEA and TEA, between men and women and among the three types of economy abundantly clear:

- When the comparison made in relative, rather than in absolute terms, the gender differences in SEA and in TEA become smaller.
- Nevertheless, there are still relative differences between SEA and TEA, with smaller gender differences found in SEA in all three types of economy.
- The relative gender difference is somewhat smaller in the less developed Factor and Efficiency driven economies and higher in more developed Innovation driven economies, but still, the relative difference is smaller in SEA than in TEA.
Looking at the Standard Deviations of the relative gender differences, it seems that the variability among the countries in each of the types of economy is higher in SEA than in TEA. This variability may be a reflection of the fact that this type of entrepreneurial activity is often the result of specific social and economic conditions. The higher the level of the economy, the more SEA becomes established, and probably becomes an integral part of the economic life, which causes the cross-cultural variability to diminish. Thus, the greatest variability in SEA is found in the Factor driven economies, and the lowest, in Innovation driven economies.

However, the variability of relative gender differences in TEA is very similar in the three types of economy, with no relationship to their economic level. It seems that TEA, which represents all different types of business activities, is part of the general economic fabric of countries.

3. Discussion
3.1 Difference between Total Entrepreneurial Activity (TEA) and Social Entrepreneurial Activity (SEA)

The overall lower level of SEA, when compared to TEA, may be related to several reasons, paramount among them is the fact that social ventures tend to have lower levels of turnover than business related ventures, where as turnover is part and parcel of a competitive market.

One possible explanation for the finding that SEA is highest in more developed (Innovation Driven) economies and lowest in the least developed (Factor driven) economies, is that individuals in wealthier countries, having satisfied their own basic needs, may be more likely to turn to the needs of others. In other words, the opportunity cost of social entrepreneurship may be higher in developing countries (Bosma & Levie, 2009). This is unfortunate, because social and environmental problems are often more prevalent in developing countries.

Examined through the lenses of opportunity vs. necessity entrepreneurship, it seems that necessity social entrepreneurship is comprised of people who were expelled from the job market and are looking for ways to get back to it. Raising awareness to social issues around them, they are able to raise financial as well as other resources. Opportunity social entrepreneurship, on the other hand, originates in worldwide trends including the shrinking role of governments in the provision of social services, the privatization of public services, and the rise in standard of living which increases awareness of the need for further services. In opportunity entrepreneurship there is a fundamental difference between less developed countries where the focus is on survival and more developed countries where ventures may be related to the standard and quality of life, such as environmental and conservation issues.

Another explanation for the finding that SEA is higher in more developed economies and lower in the less developed economies (suggested by Bosma & Levie, 2009) is that the definitions of a traditional business enterprise and a social enterprise may overlap in developing countries, whereas they may be more distinct in developed countries. William
Baumol has suggested that the level of entrepreneurship is the same across countries, but that entrepreneurship is manifested in different ways depending on the institutional context (Baumol, 1990, 1993). In wealthier countries, social entrepreneurship may replace business entrepreneurship, at least to some extent. SEA rates are much lower than TEA rates in almost all countries. SEA as a proportion of SEA plus TEA, but not SEA itself, tends to increase with GDP per capita, providing partial support for Baumol’s hypothesis of substitution of one form of entrepreneurship for another.

In some countries, the level of overlap of social and business entrepreneurship is quite significant, such as Peru (2.5%), Colombia (2.8%), Venezuela (1.7%) and Jamaica (2.0%). This finding is important, as it indicates that “social” and “business” entrepreneurship categories may be blurred. Earlier reported TEA levels in these countries may have included a small but still considerable level of social entrepreneurs who were running “social businesses” (Allen et al., 2007, p. 11).

3.2 Gender difference in Total Entrepreneurial Activity (TEA) and Social Entrepreneurial Activity (SEA)

Examination of entrepreneurial behavior around the globe yields a clear picture of a gender gap. Overall, men are more likely to be involved in entrepreneurial activity than women. This gender gap is evident in both early stage entrepreneurial participation and established business ownership, and it exists irrespective of the economic level of the country, from the lowest Factor driven economies to the highest Innovation driven economies.

The gender gap is more pronounced in high-income economies than in either low on middle-income economies. As noted in the introduction, these differences can be explained as reflecting the difference between "necessity" and "opportunity" entrepreneurship, (Allen et al., 2006; Allen, et al., 2007; Bosma & Levie., 2009; Reynolds et al., 2003;) or "push" vs. "pull" factors (Orhan & Scott, 2001).

While men are more likely to be involved in entrepreneurial activity than women overall, there are several interesting exceptions. In Japan, Brazil, Peru, and Thailand, for example, the entrepreneurial activities of women equal or exceed those of men (Allen et al., 2007, p.13). The gender differences are also small in Latin America and Caribbean countries. These findings may be explained in part by the differences in choices for women across these country groups in which labor markets, institutional structures, and cultural norms provide a varying array of incentives to women’s entrepreneurial activity.

When examining the gender gap in social entrepreneurship, it seems that while the gender gap still exists (there are more men than women social entrepreneurs), the difference is smaller. Furthermore, there is no difference in the rate of women social entrepreneurs in the different types of economies. The consistent gender difference can be related to the findings reported by Pines and Schwartz (2008) of women’s greater reluctance to start a business, self-perception as being less suitable to be a business owner and less entrepreneurial than men; to Langowitz and Minniti’s, 2007 finding of women’s tendency to perceive themselves as less entrepreneurial, and to GEM data showing that men are more likely than
women to say that they have the knowledge, skill and experience required to start a new business, while women are more likely to say that fear of failure would prevent them from starting a venture (Allen et al., 2007).

The fact that a gender gap, albeit smaller than the gender gap in TEA, still exists in SEA is significant and worrisome, because as noted earlier, social entrepreneurship seems to be an area to which women are expected to be attracted and in which they are expected to have a relative advantage.

In our global village, public companies that are traded in the stock market in developed countries (especially in those that are characterized as Innovation driven, but gradually also in those defined as Efficiency driven) have to publicize in their balance sheets their contribution to the community. This fact, combined with the fact that a contribution to the community has become a trade mark asset, increases the prevalence of social ventures and encourages business leaders and public service leaders to initiate various social ventures. This type of social entrepreneurship is lead by high ranking public and private officials, who tend to be male, especially in the economic areas that tend to have money for ventures.

Women in high ranking positions, however, tend to have greater difficulty taking on additional roles, since many of them still carry the main responsibility for household and child care. In addition, the economic crisis in recent years has challenges social ventures, that have to deal with budget cuts and function like traditional businesses that have to operate within strict budgetary limitations and at times even create revenues. The result of this trend is that the skills needed for managing social ventures are similar to those needed for managing regular ventures, and as noted earlier there is a big gender gap in those skills.

This is critical because as social entrepreneurship is growing (especially in Innovation driven economies), there is a growing danger that women entrepreneurs will again find themselves lagging behind, and given the lower turnover rates in SEA, the danger is that this lag will remain.

4. Implications

The findings related to the gender gap have theoretical implications for gender theory and research and for entrepreneurship theory and research. They also have important practical implications. A study by Wilson, Kickul and Marlin (2007) demonstrated a relationship between self-efficacy and career intentions and showed that the effects of entrepreneurship education in MBA programs on entrepreneurial self-efficacy was stronger for women than for men. The implications for the importance of entrepreneurial education and training for women are obvious.

Other implications involve the development of social networks for women entrepreneurs that will support and empower them through all the stages of establishing their venture – be it a business or a social venture.

The findings related to the difference between SEA and TEA have important implications for business owners and managers and for policy makers as contribution to the community
and social responsibility is fast becoming an important strategic asset of companies and part of the creation of value for business owners.

5. References


Entrepreneurship is a main driver of economic growth and of social dynamics. However, some basic characteristics like the gender of the entrepreneur, the geographical location, or the social context may have a tremendous impact on the possibility to become an entrepreneur, to create a firm and to prosper. This book is a collection of papers written by an array of international authors interested in the question of entrepreneurship from a gender point of view (male vs female entrepreneurship), a geographical point of view (Africa, Europe, America and Latin America, Asia...) or a specific social context point of view (agricultural economy, farming or family business, etc.).

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