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MOTIVES AND FACTORS AFFECTING ENTREPRENEURSHIP AMONG WOMEN

Key words: entrepreneurship of women, business activity, self-employment, SME

ABSTRACT. This study identified the motives and factors which affect women starting business activities. The analysis was based on the results of an internet poll conducted in December 2018 among 110 female entrepreneurs conducting individual business activity in towns of various sizes. Different types of services dominated among the businesses conducted by women (78%), whereas trade activities were conducted by 17% of women and production-oriented businesses were conducted by only 5%. A large portion of females (20%) conducted activities combining two or three industry branches. According to the study, women started their business activity for personal reasons rather than out of necessity. Their decisions were motivated mainly by the need to have an opportunity for professional self-development, self-fulfilment and independence. The main problems when starting and running their businesses were difficulties in acquiring external funds, excessive non-salary labour costs and a limited availability of crèches and kindergartens. Despite various barriers and obstacles in running their businesses, over 90% of females in the poll forecast a development in their activities or expansion to new markets by investing in technology, self-development, personnel training or by expanding their product range. The share of women planning to develop their businesses is increasing with growing experience and the length of time a business is run.

INTRODUCTION

Women’s increasing participation in social, economic and political life is a manifestation of social and cultural transformations in recent decades. Their level of education, range of activities and level of self-reliance is increasing. Although large companies are still mainly managed by men, the percentage of women in management boards is increasing. It is not a consequence of women’s insufficient competencies, since they account for approx. 70% of graduates of economic studies, but rather of cultural and personal factors. On the other hand, the percentage of women conducting business activities as sole proprietors of businesses and running businesses classified as small and medium enterprises (SME) is growing. Women account for approx. 43% of all entrepreneurs. There are a number of factors affecting female economic activity, including personal traits, environmental, market-related, economic, cultural, institutional and political factors. Not everyone is an entrepreneurial person, that is, not everyone possesses traits necessary to act independently,
take risks, show the initiative etc., necessary to start and run a business. There is also business vigilance, which is the ability to spot a business opportunity and make use of it. The environment in its different aspects can favour taking advantage of entrepreneurial potential by creating opportunities or limit it by introducing barriers and threats. As experience and study findings show, assets of female entrepreneurship include features such as women’s ability to organise work properly, concentrate on two things simultaneously as well as be diligent, reliable and creative. They are open to changes and possess communicative skills and are cooperation-oriented. On the other hand, women’s personality traits that do not favour conducting business activities include sensitivity, higher susceptibility to stress and difficulty reconciling professional, private and family life [Kurowska 2013]. The high and increasing importance of business activity conducted by women prompted the study presented in this paper.

THE OBJECTIVE AND METHODOLOGY OF THE STUDY

The objective of the study was to identify the motives and factors that affect women as sole proprietors starting and running businesses. The following research problems were identified in the study:
1) what were the reasons for starting the business activity?
2) what are the personal features which make running a business easier or more difficult?
3) what are the external stimulants and obstacles to business activity conducted by women?
4) what are the plans and perspectives for businesses run by women?

The study sample included 110 women running a business in cities of different sizes, who took part in the Internet survey. They ran businesses in the service sector (78%): hairdressing, training courses, advertising, consulting, accounting, rehabilitation, dietetics, organising events, translations; in the trade sector (17%): clothes, food products, cosmetics, collectors’ items; in the production sector (5%) in the following industries: food production, cosmetics production and leather working. Part of service businesses (20%) also conducted trade activities.

The assessment of motives and factors affecting women’s business activities also took into account independent variables, such as: age, education and professional experience. Most respondents were 30+ (68 women) and the average age was 37 years. The majority of businesswomen (78%) had a university education. Others had secondary or post-secondary education. The education majors were different. A large group of respondents started their business activity at the young age of 18-25 (41%). Only 20% of them started their business aged 36+, which is when one’s professional career is usually stabilised.

WOMEN’S MOTIVES FOR STARTING BUSINESS ACTIVITIES

In general, the motives (reasons) for starting business activities can be compulsion or necessity, for example resulting from job loss. They can also arise from the need for self-fulfilment or the need to benefit from the opportunity to fulfil one’s goals in life. The first group are rather negative external motives, based on compulsion. The second group are positive motives, aris-
ing from inner need. The character and essence of motives which prompt a person to start a business activity can affect the method of managing it, its strategic goals and determination in pursuing them [Szczygiel, Piecuch 2014]. According to a GEM report, many more firms are established to take advantage of opportunity (68%) than because of impossibility of finding a job [Tarnawa 2018]. 60% of respondents in this study also started a business because they wanted to take advantage of a market opportunity. The average competitiveness score of the businesses run by the respondents was 3.47 on a five-point scale. There was a relationship between the score and duration of the firm’s existence – the longer the firm had been in existence, the higher the score was. This relationship can probably be attributed to the fact that once the owner gains experience, her managing competence increases, which, in turn, improves her ability to cope with problems and enables the business to grow.

Nearly half of the respondents (42%) had worked full time as employees before they started their business. A fifth of the respondents (22%) started their businesses with no professional experience, immediately after they had finished school. Other women had worked part time and a small portion (5%) had been registered as unemployed.

In the respondents’ opinion, non-material reasons for starting a businesses, such as the need for independence or desire to develop professionally, dominate over material ones, such as the need to improve one’s financial status. Respondents had started their businesses not so much because of a shortage of job offers (23%) but because of a lack of satisfying jobs (27%). The official statistics show that only 8% of entrepreneurs start their business because they are unable to find a job, which confirms that starting one’s own business is not a result of limited demand for hired labour [GUS 2018]. A larger number of women start their own businesses because of a lack of satisfying jobs that give self-fulfilment and professional development. Entrepreneurial women find it important to feel independent and choose goals and methods of pursuing them, thus enabling the implementation of personal ideas to achieve a successful professional life, which not only correlates with attaining one’s professional goals, but also one’s goals in life. According to the respondents, the need for independence was the main reason for starting a business (76%). Other motives mentioned as very important are classified as attracting motivators (Table 1).

On the other hand, push factors, based on compulsion, such as a non-satisfying job or lack thereof, threat of unemployment or having to take over a business, were much less frequent reasons for starting a business than positive motivators. According to research, people who run their business out of necessity rather than because they want to, focus on improving financial status and on financial gains. It limits their willingness to invest and make their business grow [Koczerga 2014]. Starting a business out of compulsion was mentioned more frequently by older respondents. On the other hand, younger entrepreneurs started their business by treating it as an opportunity.

The responding entrepreneurs saw personal development opportunity as the main advantage of running a business (Table 2). By running a company, they fulfil their professional ambitions, pursue their interests, talents and predispositions, while at the same time earn money. When running a business, it is possible to adapt working hours to out-of-work duties, which respondents value very much. However, 61% of them said that having effective institutional child care made it easier for them to run their business and reconcile professional and private duties.
For women who worked as hired employees before starting a business, being less stressed and having a pleasant atmosphere are believed to be the greatest advantages of running a business. On the other hand, professional development opportunities are more important to women who had studied or had been unemployed before (23%).

Regardless of the motives for starting and running one’s own business, the respondents mentioned a range of advantages of such a form of professional activity. The benefits vary, but they indicate that running a business can help the owner to attain personal goals and fulfil life ambitions.
FACTORS AFFECTING RUNNING ONE’S OWN BUSINESS

The factors affecting the starting and running of one’s own business can be classified as inner factors – ones which concern the predispositions of a person who conducts such activities – and outer factors, which concern various aspects of the environment. Running a company involves both positive factors, which favour conducting business activities, and negative factors, concerning barriers and limitations.

This study has shown that female entrepreneurs do not meet with significant barriers when starting their business activities. They regarded the difficulty in obtaining funds for starting their business as the greatest obstacle (Table 3). All limitations were perceived as below medium in a five-point scale by the respondents. Much greater importance was attributed to factors hindering running a company once already open. This applies both to external and internal barriers (Table 4). Availability of child care is an important factor in conducting business activity by women. Although 61% of respondents claimed that the absence of such care makes it difficult to start a business, receiving a score of 1.69 on a five-point scale, it hinders running a business to a greater extent (3.7 points). Although 68% of respondents claimed that scarce availability of proper child care limits starting business activity to a small extent, 61% of such women claim that the offer of institutional child care should be expanded in order to solve the issue of conflict between professional and private duties. In such matters, women entrepreneurs cannot always rely on partners or families, thus giving rise to a clash of professional and private duties resulting in stress. The importance of the issue has been confirmed by studies conducted by PARP [Tarnawa, Węcławksa 2011]. The presence of a child in a family often reduces the professional activity of women; this also applies to running a business as a sole proprietor.

The study conducted by PARP has shown that limited access to child care and difficulty reconciling professional and private duties creates problems for 90% of female entrepreneurs [Tarnawa, Węcławksa 2011]. Making institutional child care more effective would eliminate one of the significant limitations for increasing women’s business activity. Other external determinants of business activity regarded as important by respondents are universal in nature, regardless of the entrepreneur’s sex. It concerns issues arising from the variability and complexity of law, the level of costs of labour (apart from wages) and taxes, as well as competition and market expansion opportunities. Unfortunately, women are still discriminated against, which manifests itself in the attitudes of men reluctantly establishing cooperation with them.

Internal barriers restricting the achievement of success in business include a lack of personal traits which are typical of entrepreneurial individuals, such as the ability to take risks, tenacity, creativity and independence. Other important traits include having the resistance to scepticism and lack of support from a next of kin, which is more often an issue for women than men.

There may be a number of programmes and institutions which support the entrepreneurship of women, but only 17% of respondents made use of such support. On the other hand, 26% of them took part in trainings on entrepreneurship and 38% completed specialist courses to obtain professional licences for their service activities (rehabilitation, cosmetics, hairdressing, etc.).
Starting one’s business successfully is not solely decided upon by one’s personal traits, but also by the availability of external funding sources (26%), legal counselling (21%), counselling in business ideas (17%) and developing a business plan (16%). Therefore, it is desired for the growth of entrepreneurship, especially among women, to develop various forms of consulting and facilitating access to various forms of external financing. Limited access of these forms of support was probably the reason why only 7% of respondents made use of it. This may be caused by a lack of knowledge (information) on the availability of services supporting the competences of female entrepreneurs.

The opinions of respondents on the factors hindering the start of a business vary. Namely, women aged 35+ replied that a successful start of a business was determined by the possibility of obtaining funds (34%), whereas women under 25 replied that the availability of legal counselling regarding business registration and running a company was the main factor (31%). These differences are probably a result of professional and life experiences, which serve a source of economic and legal knowledge. Respondents also mentioned the need to expand their knowledge concerning the information and training on the availability of external sources of financing (including EU funds) and expanding the offer of consulting and services in developing business plans and legal advising. There are many consulting and service providing organisations which provide support to

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<td>Limited availability</td>
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* on a scale from 1 (very little effect) to 5 (very large effect)
Source: own research
enterprises, but there is a shortage of information on access to their services. Apart from financial support, entrepreneurial women need social support in starting and running a business. This need is, to a certain extent, satisfied by various organisations established by females themselves.

Plans on prospects for businesses run by women usually (93%) provide for acquiring new customers. These findings coincide with those of the study conducted by PARP, according to which female entrepreneurs plan to acquire new customers (92%). The percentage of women in this study who only plan to survive in the business (5%) was much smaller than in the PARP study (28%) [Tarnawa, Skowrońska 2016]. Women who have been in the business longer than 3 years more often plan to develop their firms than younger ones (under 35 years old), who have been running their businesses for a shorter time. Acquiring new customers and expanding a business should be made easier by female entrepreneurs planning such actions as: investing in new technologies (55%), training for personnel (49%), enlarging the workforce (41%) or even expanding out to foreign markets (30%). Despite numerous barriers and limitations in business activities, as perceived by women, they also see many opportunities for achieving success and the growth of their businesses. They are optimistic, which is an important trait in entrepreneurs.

SUMMARY

These findings show that women start their own businesses more often because they want to take advantage of a market opportunity than out of necessity caused by the impossibility of finding a job. In most cases, such business activities are usually conducted by young, educated women. Businesses run by women are usually in line with their educational background, which helps them make use of their professional competence and seek self-fulfilment and self-development, which female entrepreneurs mentioned as the main motivation for starting a business. Apart from universal barriers, such as the availability of external financing, the high costs of labour, variability and complexity of law, women mention insufficient support from child care institutions and occasional manifestations of discrimination. According to the respondents, the development of business and legal consulting concerning the registration and running of a business is also needed. The awareness of limitations does not deprive women of a positive attitude to opportunities and chances in business. In order to fulfil ambitions, female entrepreneurs intend to invest in technology, the development of services and personnel, expand their product range and seek new customers inside and outside the country.

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MOTYwy I UWARUNKOWANIA PRZEDSIĘBIORCZOŚCI KOBiet

Słowa kluczowe: przedsiębiorczość kobiet, działalność gospodarcza, samozatrudnienie, sektor MSP

ABSTRAKT

Celem badań była identyfikacja motywów i uwarunkowań uruchamiania i prowadzenia samodzielnej działalności gospodarczej przez kobiety. Analizę oparto na wynikach internetowego sondażu ankietowego przeprowadzonego w grudniu 2018 roku wśród 110 przedsiębiorczyń prowadzących działalność gospodarczą na terenie miast różnej wielkości. Domeną działalności gospodarczej badanych kobiet były głównie różnego rodzaju usługi (78%). Działalność handlową prowadziło 17% kobiet, a działalność produkcyjną tylko 5%. Duża część respondentek (20%) łączyła działalność w dwóch, a nawet w trzech branżach. Badania wykazały między innymi, że kobiety częściej uruchamiały działalność gospodarczą z przyczyn wewnętrznych (z potrzeby) niż z konieczności, czyli przymusu. Głównym motywem decyzji o uruchomieniu tej działalności była potrzeba zapewnienia sobie możliwości rozwoju zawodowego, samorealizacji i niezależności. Jako najbardziej istotne problemy w uruchamianiu i prowadzeniu działalności gospodarczej respondentki wskazywały trudności w pozyskaniu zewnętrznych funduszy, zbyt wysokie pozapłacowe koszty pracy, ograniczoną dostępność żłobków i przedszkoli. Mimo różnych barier i utrudnień w prowadzeniu firmy, ponad 90% badanych kobiet przewiduje rozwój działalności i poszerzenie rynku między innymi przez inwestowanie w technologię, we własny rozwój i w rozwój pracowników oraz w poszerzanie asortymentu usług lub produktów. Udział przedsiębiorczyń zakładających rozwój działalności wzrasta wraz z nabywaniem doświadczenia i długością okresu prowadzenia firmy.

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