

Kauffman Study Identifies Keys to Success for High-Growth Women Entrepreneurs

Understanding gender similarities and differences can aid efforts to encourage female entrepreneurs and foster high-growth business creation, economic growth

(KANSAS CITY, Mo.), May 11, 2010 – Despite their majority representation at U.S. colleges and universities and increased participation in science and engineering, women still are under-represented among business founders, particularly in high-tech and other high-growth fields.

A new study from the Ewing Marion Kauffman Foundation, "Are Women Entrepreneurs Different From Men?" provides insights into the few differences and many similarities between successful men and women entrepreneurs, including background, education, motivations for starting a business and beliefs about key success factors.

"We have a robust pool of potential high-growth entrepreneurs in the women who now earn nearly half of all PhDs conferred in this country, yet few are following an entrepreneurial path," said Lesa Mitchell, Kauffman Foundation vice president of advancing innovation and an author of the study. "This study identifies subtle but meaningful factors that influence women to pursue, and succeed in, entrepreneurship. If we can respond to this study by developing programs that support women in creating high-growth businesses, the positive impact on our economy could be significant."

The survey researched the beliefs of 549 company founders of successful businesses in high-growth industries, including computing, telecom, defense, energy and biotechnology. The research, led by Vivek Wadhwa, director of research, Center for Entrepreneurship and Research Commercialization at Duke University, with data analysis led by National Center for Women & Information Technology (NCWIT) Senior Research Scientist, J. McGrath Cohoon, found that women were more concerned about the challenge of protecting intellectual capital, while men tended to worry more about the inherent financial insecurity associated with starting a business.

Company founders of both sexes who responded to the survey ranked prior industry and work experience as a "very important" factor in determining their startups' success. Men and women both rated experience highest, with lessons learned from previous successes and failures and university education also rated "important" to "very important." Women, however, considered past experience even more important to their success than did men, perhaps because it demonstrates their competence in traditionally male-dominated technical fields.

The survey also found that:

- The majority of the successful entrepreneurs surveyed founded their current company with money from personal savings. Women, however, were much more likely than men to have obtained their main startup funding from a business partner (29 percent of women surveyed compared with 16 percent of men). Less common sources included bank loans, friends and family, venture capital, private/angel investors and corporate investment.

- More than 50 percent of all respondents of both sexes cited these five reasons for becoming entrepreneurs: the desire to build wealth; the wish to capitalize on a business idea they had; the appeal of startup culture; a long-standing desire to own their own company; and lack of appeal of working for someone else.
- The life circumstances of the company founders surveyed were quite similar: At the time of starting their companies, entrepreneurs of both genders were, on average, in their early 40s; were married; and had one child living at home.
- More than half of the women surveyed (56 percent) but less than a third of the men (31 percent) were motivated to become entrepreneurs when a cofounder recruited them.
- In identifying challenges to entrepreneurial success, both sexes cited the time and effort required. Women were much more likely to view protecting intellectual property as a key challenge, while men were more than twice as likely as women to mention family or financial pressure to maintain a steady, traditional job.

"Men and women entrepreneurs share similar motivations, educational levels and work experience, and view the factors determining success in largely the same way. However, professional and personal networks and support are valued more highly by women," Wadhwa said. "Efforts to provide women the types of mentoring and support networks that they view as especially critical to their success should be a priority for entrepreneurship support organizations. The high-growth marketplace – and the U.S. economy – could only benefit from increased gender diversity."

The Kauffman Foundation is sponsoring a global conference that will focus on creating a roadmap for increasing women's participation in high-growth entrepreneurship in the second decade of the 21st century. The "We Own It Summit" will be held on June 8, 2010 at the New York University.