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Gender Differences in Ethnic Entrepreneurship

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Gender Differences in Ethnic Entrepreneurship

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Abstract

Gender-based differences are the most important topic of discussion in female entrepreneurship studies. While earlier studies focused on psychological and sociological characteristics of female entrepreneurs, assuming there were only a few differences between males and females, more recent studies have addressed gender-based differences in entrepreneurship from a new perspective, referred to as the *integrated perspective*, which is rooted in psychological and sociological theory. This perspective focuses on sex and gender differences in entrepreneurial characteristics and performance from the perspective of *liberal feminist* and *social feminist* theories, which attempt to explain the basis of the lower status of women in society. Against this background, the aim of the present paper is to investigate gender-based differences in a special field of entrepreneurship, viz. *ethnic entrepreneurship*, and to describe male and female profiles of ethnic entrepreneurs and enterprises. Our findings are based on a comparison of two case study researches; the first one was conducted among three different ethnic groups including Turkish, Indian/Pakistani and Moroccan male entrepreneurs, while the second one was conducted among Turkish female entrepreneurs in Amsterdam. The results of our comparison show that there are indeed gender-based differences in ethnic entrepreneurship similar to gender-based differences observed commonly in entrepreneurship. This similarity in trends demonstrates that *gender* as a driving factor has a higher importance than the *ethnicity* in the characteristics and behavioral attitudes of ethnic entrepreneurs.

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1. Introduction

An increasing participation rate of women and ethnic minorities in the labor market and, in parallel to this trend, a significant increase in the number of women-owned and ethnic minorities-owned business have led to the emergence of new concepts and special interest fields in entrepreneurship, viz. *ethnic entrepreneurship* and *female entrepreneurship*. In recent years, these new concepts have become important research topics in the social sciences. From the perspective of ethnic entrepreneurship, much research has addressed the opportunities and the barriers of ethnic entrepreneurship by identifying the critical success or performance conditions of ethnic entrepreneurs. *Structural* factors (such as social exclusion, discrimination and high unemployment) and *cultural* factors (such as specific values, skills and cultural features) or a blend of these factors that influence the step towards ethnic entrepreneurship have been examined in these studies. From the perspective of female entrepreneurship, most research has addressed the individual and business characteristics and more recently the gender-based differences in entrepreneurship. Gender-based differences, focused on psychological and sociological characteristics and performance, have been examined in these researches to understand and explain the reasons for the lower status of women in society from the perspective of *liberal feminist* and *social feminist* theories.

The two special groups of entrepreneur, viz. ethnic entrepreneurs and female entrepreneurs, show many common characteristics and similarities in both their entrepreneur and enterprise profiles. The most important commonality and push effect to become an entrepreneur between these two groups is to improve their weak socioeconomic position. A less favored position as a result of low education, lack of skills and high levels of unemployment are the most important push effects for ethnic minorities towards entrepreneurship, while economic factors such as generating extra income but also to be independent, a flexible and a better balance between professional and family responsibilities or originating from family with an entrepreneurial tradition are often critical factors for women to become an entrepreneur. Among the other common characteristics, both ethnic and female enterprises belong to the service sector, while it is noteworthy that they are small and relatively young. Administrative and regulatory barriers, lack of capital and credit, lack of knowledge, lack of management skills, constraints on access to networks and discrimination are the common problems of

both ethnic and female entrepreneurs. Besides these similarities, there are also some differences in terms of ethnic or gender-based obstacles, needs and networks.

Against this background, the aim of this paper is to investigate gender-based differences in a special field of entrepreneurship, viz. 'ethnic entrepreneurship', and to describe male and female profiles of ethnic entrepreneurs and enterprises. *Are there some gender-based differences between ethnic male and ethnic female entrepreneurs? If there exist some gender-based differences in ethnic entrepreneurship, are these differences similar to the gender-based differences observed commonly in entrepreneurship?* The present paper addresses these questions with a view to specific gender-based differences in ethnic entrepreneurship. The next section examines gender differences in entrepreneurship while focussing on entrepreneurs' characteristics and enterprises features. Section 3 contains a description of our case studies and our data material from in-depth interviews. Various comparative empirical results are given to describe the general profiles of ethnic male and female entrepreneurs and enterprises. Section 4 evaluates gender-based differences in ethnic entrepreneurship on the basis of empirical results and compares these differences with the general gender-based differences observed in entrepreneurship. Section 5 concludes with a discussion of the results and gives recommendations for further research.

2. Gender differences in entrepreneurship

With the significant increase in the number of women-owned businesses, we observe also an increase in the number of studies focusing on female entrepreneurship. While earlier studies focused on the psychological and sociological characteristics of female entrepreneurs, assuming there were only a few differences between males and females, more recent studies have addressed on gender-based differences in entrepreneurship from a new perspective, referred to as the *integrated perspective*, which is rooted in psychological and sociological theories. According to this new perspective, women's social orientations are more focused towards relationships and they see their businesses within an interconnected system of relationships that includes family, community and business (Brush 1992). This perspective also focuses on gender differences in entrepreneurial characteristics and performance from the perspective of *liberal feminist* and *social feminist* theories, which attempt to explain the basis of the lower status of

women in society (Fischer et al. 1993). While liberal feminist theory explains the differences between the achievements of men and women by emphasizing discrimination and/or systemic factors that deprive women of essential opportunities such as education and experience, social feminist theory explains these differences by referring to the ongoing socialization process that leads men and women to believe that they differ inherently. Many studies' approaches reflect these theories.

Most research on female entrepreneurship has focused on *individual* characteristics of female entrepreneurs such as demographic background, motivation and educational and occupational experiences (Brush 1992, Buttner and Moore 1997, Fagenson 1993, Fischer et al. 1993). However, recent studies have also focused on their *organizational* characteristics, such as business characteristics, strategies, problems and management styles and also the acquisition of capital and networking behaviors (Bruce 1999, Carter et al. 1997, Cliff 1998, Cowling and Taylor 2001, Cromie and Birley, Kalleberg and Leicht 1991, Rietz and Henrekson 2000, Rosa et al. 1994, Thakur 1998, Verheul et al. 2001, Verheul and Thurik 2001). These studies show that although there are some similarities between male and female business owners in terms of demographic characteristics, business characteristics and associated problems, there are also differences in educational background, work experience and skills and business goals and management styles. Clearly, such assumptions and claims call for additional and rigorous empirical testing.

Although gender-based differences have been commonly found in educational and occupational background, motivations and driving forces, goals and strategies, management styles and personal value systems, the empirical results of the researches can not be justified by different countries, cultures and economic sectors. While some hypotheses which refer to the above mentioned differences can be fully supported in some case studies, some others can be completely rejected. For example, 'to be independent' as a driving force or motivation is the main reason for female entrepreneurs in European countries i.e. France or Denmark, on the contrary, 'generating extra income' can be the main reason for female entrepreneurs in Asian countries because of the economic problems, unemployment etc. Therefore, there is no clear consensus about the reasons of the observed differences. The most clear phenomenon is the existence of gender-based differences, however, these differences

sometimes conflict each other. Table 1 summarizes the most frequently mentioned gender-based differences in the literature. These differences are grouped and examined into two main distinctions: enterprises features and entrepreneurs' characteristics, and in several categories for enterprises features such as size, sector, performance and success, and for entrepreneurs' characteristics such as background information and experience, motivation and driving force, values, preferences, goals and strategies, management style, network, problems and barriers.

As can be seen in Table 1, differently than male enterprises, female enterprises are generally younger and smaller in terms of size and the number of employees. They generally belong to the service sector and have a higher rate of failure, lower performance, revenues and success. These features have mentioned in many studies as main features of the female enterprises. As entrepreneurs' characteristics, less experience in terms of education, industry-specific, management and prior business start-up, less financial resources and more family responsibilities are the main problematic issues of female entrepreneurs that the studies focused on. Gender-based differences are concentrated on values, goals and strategies and management style and the differences in these categories show contrary or conflicting aspects with the differences in other categories. For example, female enterprises tend to be smaller and slower growing, they appear less successful as measured by economic criteria, but female entrepreneurs are more likely measure success by less objective criteria and they have a stronger preference for a slower rate of business growth. When their preferences which focus on goals other than growth and performance are taken into account, this 'failure' or 'lower performance' fact lose its validity.

The main argument in the gender-based differences is stemming from the different motivations between male and female entrepreneurs and is growing with the other supportive arguments in personal value systems, preferences, goals and strategies and management style. If we describe female entrepreneur's profile, female entrepreneurs are motivated by the need of achievement, depending on this motivation they pursue intrinsic personal goals, they attach more value to social, qualitative and ambiguous measures of achievement and success, due to these values they integrate private, business and social lives and they see their integrated perspectives as a 'life strategy', they focus on goals, especially non-economic goals and measure their success according

Table 1 Gender differences in entrepreneurship

Gender Differences in Enterprises Features:

Size:

- Female enterprises are younger and smaller in terms of size and the number of employees than male enterprises (Brush, 1992; Cliff, 1998).

Sector:

- Female entrepreneurs are more likely to head retail and service firms and less likely to head manufacturing and wholesale firms (Brush, 1992; Cliff, 1998).

Performance and Success:

- Female-owned enterprises have a higher rate of failure and they show a lower performance (revenues) and success than male-owned enterprises (Brush, 1992; Brush and Hisrich, 1999; Buttner and Moore; Fischer et al., 1993; Kalleberg and Leicht, 1991; Rietz and Henrekson, 2000; Rosa et al., 1994).

Gender Differences in Entrepreneurs' Characteristics:

Background Information and Experience:

- Female entrepreneurs have less formal or enterprise related education than men (Brush, 1992; Cliff, 1998).
- Men tend to have more labour market and industry-specific experience in terms of both wage- and self-employment and starting and running a business. They have also more management experience and experience with personnel, technical and financial issues. On the contrary, female entrepreneurs tend to have less industry, management and prior business start-up experience (Brush, 1992; CEEDR, 2000; Cliff, 1998; Fischer et al., 1993; Kalleberg and Leicht, 1991; OECD, 1998 and 2001).

Motivation and Driving Force:

- Male entrepreneurs are most motivated by the need to improve their positions in society for themselves and their families, while the female entrepreneurs are most motivated by the need for achievement (Buttner and Moore, 1997).
- Female entrepreneurs are more likely to pursue intrinsic personal goals, such as 'being your own boss' and self-fulfillment instead of economic motivation such as generating extra income than male entrepreneurs. They are also more likely to start a business out of dissatisfaction (with previous employment) than men (Brush, 1992; Buttner and Moore, 1997; Letowski, 2001; Nielsen, 2001; Rosa et al., 1994; Verheul et al., 2001).
- Male entrepreneurship is opportunity-driven, whilst female entrepreneurship is more necessity-driven (Verheul et al., 2001).

Values:

- Male entrepreneurs tend to place a greater emphasis on economic values and quantitative, non-ambiguous measures of achievement and success, such as status and wealth; female entrepreneurs tend to assign more importance to social values and qualitative, ambiguous measures of achievement and success, such as personal fulfillment and strong interpersonal relations (Buttner and Moore, 1997; Cliff, 1998).
 - Male entrepreneurs are more likely to separate work and private life, on the contrary, female entrepreneurs see their business as part of a network of relationships in which private life, business and society are intertwined. Female entrepreneurs are more likely to introduce elements of their private life into the business than male entrepreneurs (Brush, 1992; Verheul et al., 2001).
 - Female entrepreneurs are more likely to be the 'primary parent, emotional nurturer, and housekeeper' and are more likely to face conflicting demands between their professional and personal lives. In contrast, the primary family responsibility of men is –to be a good provider- which is also compatible with heading a growing firm (Cliff, 1998).
 - Men are expected to be career-primary to focus their energy on the careers during their work years, while women are still expected to assume primary responsibility for family as well as to work. Women see their decision to start a business not as a career but as a life strategy (Buttner and Moore, 1997).
 - While male entrepreneurs are more likely emphasize size as a measure of business success, in contrast, female entrepreneurs are more likely measure success by less objective criteria (Buttner and Moore, 1997; Cliff, 1998).
 - Female entrepreneurs are more likely to establish a maximum business-size threshold for their enterprises and they have smaller maximum business-size thresholds than male entrepreneurs (Cliff, 1998).
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Preferences:

- Women have a stronger preference for jobs that offered opportunities for professional growth and challenge, while men prefer jobs that offered higher income (Buttner and Moore, 1997).
- Female entrepreneurs desire a slower rate of business growth than male entrepreneurs. They focus on goals other than growth and performance (Brush, 1992; Cliff, 1998).
- Female entrepreneurs reflect a lower risk-taking behavior (Brush, 1992).
- Females are often more interested in management skills and issues, and less interested in finance than males (Brush, 1992; Cliff, 1998).

Goals and Strategies:

- Female entrepreneurs are more likely to pursue a niche strategy, they are more likely to focus on continuity rather than growth and they adopt a more defensive and specialized strategy than male entrepreneurs (Brush, 1992; Carter et al., 1997; Cliff, 1998; Cromie and Birley, 1991; Verheul et al., 2001).
- Female entrepreneurs tend to pursue a balance between economic goals, such as profit and growth, and non-economic goals, such as product quality, personal enjoyment, and helping others. They are more likely to pursue a combination of personal and business goals than male entrepreneurs (Brush, 1992; Cliff, 1998; Verheul et al., 2001).
- Female entrepreneurs are more likely to make use of planning than male entrepreneurs. Women often have a more intuitive approach (Verheul et al., 2001).

Management Style:

- Female entrepreneurs have a more 'feminine', informal and participatory management styles, they are more open in communications and their enterprises' organizational structures are more flexible, personal manner where a team philosophy predominates and less hierarchical (Brush, 1992). Female entrepreneurs are more likely to make use of an interactive, people-based leadership style than male entrepreneurs (Brush, 1992; Verheul et al., 2001).
- Female entrepreneurs are more likely to delegate tasks to their employees and to reward team performance instead of individual performance than male entrepreneurs (Verheul et al., 2001).
- Female entrepreneurs are more likely to make use of their personal networks to recruit new employees and to hire employees of their own gender than male entrepreneurs (Verheul et al., 2001).
- Female entrepreneurs attach more value to the selection criterion of 'fitting in' than male entrepreneurs. They are more likely to pay attention to whether an employee fits in with the image of the business than male entrepreneurs (Verheul et al., 2001).

Network:

- Female entrepreneurs are more likely to participate in a network, however, they are more likely to participate in local networks than male entrepreneurs because they are reluctant to travel long distances (Verheul et al., 2001).
- Female entrepreneurs spend less time networking than male entrepreneurs because of the combination of family and work responsibilities (Verheul et al., 2001).
- Networks of women are smaller and more personal than the networks of male entrepreneurs (Brush, 1992; Verheul et al., 2001).
- Female entrepreneurs are more likely to participate gender homogenous networks than male entrepreneurs. They tend to prefer less formal, experienced-based training, to learn from women and to be helped/mentored by other women networks (Brush, 1992; Verheul et al., 2001).

Problems-Barriers:

- Financial issues such as obtaining start-up financing and credit, cash flow management in early operations and financial planning are more problematic for female entrepreneurs (Brush, 1992).
 - Female entrepreneurs have fewer resources for business expansion –specifically, insufficient business experience and a lack of freedom from household responsibilities- than male entrepreneurs, and this difference partially account for the weaker growth intentions of female entrepreneurs (Cliff, 1998).
 - Female entrepreneurs are more likely to experience difficulties combining responsibilities than male entrepreneurs (Verheul et al., 2001).
 - Social and cultural values or social expectations are also among the most important gender-based obstacles.
 - Gender discrimination
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to these defined goals by less objective criteria and as a result of all these values they offer a more 'feminine', informal, interactive and participatory management style. Therefore, the main reason behind the gender-based differences can be explained by different value systems. As these value systems are strongly interrelated with the social and cultural systems, the differences observed between the regions or countries can be better understood and explained while focusing on these value systems. More empirical testing will focus on value systems will offer a more clear picture of gender-based differences in different cultures and multicultural environments. This will help also to understand whether there are gender-based differences in ethnic entrepreneurship.

3. Male and female profiles in ethnic entrepreneurship

3.1. Prefatory remarks

The aim of this paper is to offer empirical evidence to male and female profiles of ethnic entrepreneurs and enterprises and to investigate gender-based differences in ethnic entrepreneurship. We will compare the profile of both ethnic male and female entrepreneurs and enterprises on the basis of two empirical case studies on Amsterdam: the first one (Masurel et al., 2002) addressing three different ethnic groups including Turkish, Indian/Pakistani and Moroccan male entrepreneurs, with the second one (Baycan-Levent et al., 2002a and 2002b) addressing Turkish female entrepreneurs in Amsterdam. The first case study is focussed on differences in starting -and continuing- an own business by three different ethnic groups in Amsterdam by addressing the critical success conditions. The empirical data of this research is based on in-depth personal interviews, held in the second part of 1999 among 40 ethnic entrepreneurs in Amsterdam. The sample contains 14 Turkish, 15 Indian/Pakistani, and 11 Moroccan entrepreneurs who had expressed a willingness to participate in a personal interview. The second case study investigates the phenomenon of ethnic female entrepreneurship by addressing the dual character of ethnic female entrepreneurs. This case study research is based on in-depth personal interviews, held in the first part of 2002 among 34 Turkish female entrepreneurs in Amsterdam.

In this paper we will evaluate the empirical results of these two case studies in order to compare gender-based differences in ethnic entrepreneurship. Our evaluation is described in two sub-sections. In the first sub-section (sub-section 3.2.) we examine the profiles of ethnic male and female entrepreneurs in terms of personal characteristics, motivation and driving force. In the second sub-section (sub-section 3.3.) we deal with the profiles of ethnic male and female enterprises in terms of enterprise features and performance.

3.2. Profiles of ethnic male and female entrepreneurs

Amsterdam has a large share of ethnic groups. Many of them have started their own business in the mean time. Female entrepreneurship in these groups is still a neglected issue. A previous study on ethnic female entrepreneurship has shown the main characteristics of the profile of Turkish female entrepreneurs. According to the findings of this study (Baycan-Levent et al., 2002b);

“Turkish female entrepreneurs are entrepreneurs who are between the age 30 and 40, married with children, were born or came in the Netherlands at least 20 years ago, and got therefore vocational and language education in the Netherlands; they have an experience as employee or entrepreneur in their previous position, have entrepreneur family members who support them morally and also financially, and originate from an entrepreneurial family tradition encouraging an entrepreneurial spirit to be independent or their own boss.”

Therefore, in summary, the choice for entrepreneurship by Turkish women appears to be the result of their educational level, work experience, entrepreneurial family tradition and also ethnic network. The question is whether these motives are different from those of ethnic entrepreneurs in general. It is noteworthy that a previous study on ethnic entrepreneurship has shown the main characteristics of the three different groups of ethnic male entrepreneurs (Masurel et al., 2002). According to the findings of this study ethnic entrepreneurs are not uniform and display a great variation in motives, attitudes and behavior in the area of entrepreneurship. The findings show that:

Indian/Pakistani people appear to have a relatively high share in ethnic business life, whereas Moroccans play only a minor role. Turkish people have an intermediate position. ...the educational level appeared to have a rather bi-polar character: more than half of the interviewees had a rather low educational level (none, primary or secondary education), whereas on the other hand more than one third was highly educated (higher professional training or university education). Besides these not uniform characteristics, "The motivation to become entrepreneurs appeared to be rather standard, viz. not to be somebody's subordinate but to be their own boss. Other relevant motives –in descending order of importance- were: need for achievement, financial prospect and unemployment."

It is now interesting to investigate the outcomes of these two studies. An examination of the profiles of ethnic male and female entrepreneurs on the basis of these two case study researches (see Table 2) in terms of personal characteristics shows that female entrepreneurs are relatively younger than male entrepreneurs in both the starting age to their own business and also the majority falling in the same age group (31 and 40). Almost 15% of the female entrepreneurs is in the age category 21-25, whereas the share of male entrepreneurs in the same age group is only 5%. On the contrary, 20% of the male entrepreneurs is over 46 years old, whereas there is no female entrepreneur in this age group. This can partly be explained by the fact that ethnic female entrepreneurship has emerged only very recently (according to our previous findings in the last decade (see Baycan Levent et al., 2002b)).

Another personal characteristic, marital status shows similarities between the two groups. Most of the ethnic male and female entrepreneurs appear to be married. However, the differences are observed in the unmarried status; while the share of single entrepreneurs is rather high among male entrepreneurs, the share of divorced entrepreneurs is relatively higher among female entrepreneurs.

Educational level is the most prominent and noticeable personal characteristic between ethnic male and female entrepreneurs. It is clearly seen that ethnic female entrepreneurs are relatively better educated than ethnic male entrepreneurs. More than half of the ethnic male entrepreneurs (52%) appears to be graduated from primary and secondary schools, whereas the share of ethnic female entrepreneurs in this category is only

Table 2 Personal characteristics of ethnic male and female entrepreneurs

| | <i>Number of male entrepreneurs</i> | <i>Share in total (%)</i> | <i>Number of female entrepreneurs</i> | <i>Share in total (%)</i> |
|--|---|-------------------------------|---|-------------------------------|
| <i>Age</i> | | | | |
| 21 – 25 | 2 | 5,00 | 5 | 14,71 |
| 26 – 30 | 6 | 15,00 | 5 | 14,71 |
| 31 – 35 | 12 | 30,00 | 8 | 23,53 |
| 36 – 40 | 5 | 12,50 | 13 | 38,23 |
| 41 – 45 | 7 | 17,50 | 3 | 8,82 |
| 46 + | 8 | 20,00 | 0 | 0,00 |
| <i>Marital status</i> | | | | |
| Single | 9 | 22,50 | 2 | 5,88 |
| Married | 27 | 67,50 | 25 | 73,53 |
| Divorced | 4 | 10,00 | 7 | 20,59 |
| <i>Education level</i> | | | | |
| None | 1 | 2,50 | 0 | 0,00 |
| Primary school level | 8 | 20,00 | 2 | 5,88 |
| Secondary school level | 13 | 32,50 | 2 | 5,88 |
| Lower and middle vocational training | 4 | 10,00 | 25 | 73,53 |
| Higher vocational training | 4 | 10,00 | 4 | 11,77 |
| University | 10 | 25,00 | 1 | 2,94 |
| <i>Language ability (Dutch)</i> | | | | |
| Good | 20 | 50,00 | 28 | 82,35 |
| Moderate | 11 | 27,50 | 6 | 17,65 |
| Poor | 9 | 22,50 | 0 | 0,00 |
| <i>Total</i> | 40 | 100,00 | 34 | 100,00 |

11,76%. The majority of female entrepreneurs are graduated from middle vocational schools (73,53%). However, the share of higher educated male entrepreneurs (graduated from universities) is overwhelmingly higher than that of the ethnic female entrepreneurs. These two extreme levels for ethnic male entrepreneurs in education can be explained by the differences among three ethnic groups in the sample. As Masurel et al. indicated in their study, Indian/Pakistani people appear to have a relatively high share in ethnic business life, whereas Moroccans play only a minor role and Turkish people have an intermediate position (Masurel et al., 2002).

A trend similar to the educational level is observed in language ability. While the majority of ethnic female entrepreneurs (82,35%) can speak Dutch fluently or good, only half of the male entrepreneurs can speak this language properly and more than 20% of the male entrepreneurs indicated that their language ability is poor. Not surprisingly, this expected result can be explained by a lower educational level.

This lower educated male profile shows also a related effect in the motivation and driving forces (see Table 3). When the position of the entrepreneurs before starting is examined, the most important difference between ethnic male and female entrepreneurs has occurred as a high share of unemployed male entrepreneurs. Although employed and entrepreneur positions before starting are similar in both these groups, unemployment has appeared mainly as a male characteristic.

Table 3 Motivation and driving force of ethnic male and female entrepreneurs

| | <i>Number of male entrepreneurs</i> | <i>Share in total (%)</i> | <i>Number of female entrepreneurs</i> | <i>Share in total (%)</i> |
|--|---|-------------------------------|---|-------------------------------|
| <i>Position before starting</i> | | | | |
| Employed | 22 | 55,00 | 24 | 70,59 |
| Unemployed | 7 | 17,50 | 2 | 5,88 |
| Entrepreneur | 10 | 25,00 | 7 | 20,59 |
| Student | 1 | 2,50 | 1 | 2,94 |
| <i>Previous experience</i> | | | | |
| Through employment | 18 | 45,00 | 13 | 38,23 |
| Through entrepreneurship | 9 | 22,50 | 6 | 17,65 |
| Other (school or study) | 2 | 5,00 | 11 | 32,35 |
| None | 11 | 27,50 | 4 | 11,77 |
| <i>The reasons to be entrepreneur</i> | | | | |
| To be own boss | 28 | 70,00 | 24 | 70,59 |
| Work experience | 13 | 32,50 | 11 | 32,35 |
| Extra income | 12 | 30,00 | 9 | 26,47 |
| Family tradition | 3 | 7,50 | 4 | 11,77 |
| Dissatisfaction with previous employment | 4 | 10,00 | 3 | 8,82 |
| Discrimination | 1 | 2,50 | 0 | 0,00 |
| Unemployment | 8 | 20,00 | 0 | 0,00 |
| <i>Capital sources</i> | | | | |
| Own capital | 9 | 22,50 | 15 | 44,12 |
| Family or friends | 22 | 55,00 | 14 | 41,18 |
| Financial institutions | 7 | 17,50 | 11 | 32,35 |
| Other | 1 | 2,50 | 3 | 8,82 |
| <i>Total</i> | 40 | 100,00 | 34 | 100,00 |

Another difference between ethnic male and female entrepreneurs in terms of motivation and driving force shows up in their previous work experience. While the majority of female entrepreneurs have an experience through employment, entrepreneurship and school or study (88,23%), almost 30% of the male entrepreneurs have started their own business without any experience. This situation shows that unemployment, particularly for male entrepreneurs, might have exerted a push effect towards entrepreneurship. Therefore, it can be assumed that the choice for

entrepreneurship by Turkish women is the result of their educational level and work experience, whereas the choice for entrepreneurship by ethnic men is also the result of their unemployment situation and less favored position in the labor market. This assumption is also supported by the reasons to become entrepreneur.

When the motives to become entrepreneur are examined more thoroughly, unemployment as a reason for starting an own business for male entrepreneurs amounts to a share of 20%. The other reasons such as to be their own boss, work experience, extra income etc. show similarities in motivation for both two gender groups. It can be said that the big difference between ethnic male and female entrepreneurs in motivation and driving force is unemployment.

The last characteristic, capital sources in motivation and driving force, does not show a noticeable difference between ethnic male and female entrepreneurs. However, it can be said that male entrepreneurs use more easily family capital than female entrepreneurs, whereas female entrepreneurs tend to use their own capital. During the interviews among female entrepreneurs, when the differences between male and female entrepreneurs were addressed, female entrepreneurs indicated that male entrepreneurs are more active and are taking more risk especially in using family capital. According to the perceptions of female entrepreneurs, when male entrepreneurs want to start their own business, they feel that this capital is their own capital. They can lose as well as they can gain. They focus only on exploiting opportunities. But female entrepreneurs' feelings are completely different from those of male entrepreneurs. They feel that this is family capital, not their personal capital. Therefore, they do not want to take risk. They explained that this is the most important factor which affects or discourages them in taking risks. Here, if the share of the use of own capital is double for female entrepreneurs, it can be explained by the above mentioned feelings of female entrepreneurs. However, there is no clear evidence, especially when the presence of three different ethnic male groups in the sample is taken into account. These male and female feelings can be explained by cultural values and these values do not necessarily exist for other ethnic groups, in this case Indian/Pakistani and Moroccans.

This comparison of the profiles of ethnic male and female entrepreneurs shows two important differences: i) female entrepreneurs are relatively better educated than male

entrepreneurs, ii) unemployment is the most important factor that makes a difference between male and female entrepreneurs in the motivation and driving force. While male entrepreneurs orient themselves towards entrepreneurship because of their unemployed position, female entrepreneurs orient themselves towards entrepreneurship because of their educational level, work experience and family tradition.

3.3. Profiles of ethnic male and female enterprises

We will now investigate in more detail the profile of ethnic businesses. The findings of a previous study on ethnic female entrepreneurship have shown the following features of the profile of Turkish female enterprises (Baycan-Levent et al., 2002b);

“Turkish female enterprises are small enterprises which have emerged in the last decade, belong to the service sector, show a rather high economic performance, serve clear ethnic and female needs on the one hand, and non-ethnic but clearly female needs on the other hand. These features however, which are in a stage of change in terms of orientation on clients from ethnic towards non-ethnic, are still supported by the ethnic network in hiring employees.”

On the other hand, a previous study on ethnic entrepreneurship has shown the main features of ethnic male enterprises (Masurel et al., 2002). According to the findings of this study:

“...most entrepreneurs are active in the retailing business, in the hotel/restaurant sector or in the service sector. ...more than half of our respondents showed a favorable sales growth over the past year, although slightly less than a quarter faced a sales decrease. On the other hand, the majority of the ethnic entrepreneurs had a positive profitability over the past year.”

When the profiles of ethnic male and female enterprises are examined, the most important difference has occurred in the activities of the enterprises (Table 4). The majority of female enterprises belongs to the service sector¹ with a share of 76,47%. On

¹ The service sector for male and female enterprises comprises several activities such as driver school, hairdresser, human resource management and temporary job agency, finance, insurance, tourism and real

Table 4 Features of ethnic male and female enterprises

| | <i>Number of male enterprises</i> | <i>Share in total (%)</i> | <i>Number of female enterprises</i> | <i>Share in total (%)</i> |
|--|-----------------------------------|---------------------------|-------------------------------------|---------------------------|
| <i>Activities of the enterprise</i> | | | | |
| Manufacturing-wholesale / construction | 10 | 25,00 | 1 | 2,94 |
| Retail | 12 | 30,00 | 7 | 20,59 |
| Service | 18 | 45,00 | 26 | 76,47 |
| <i>Starting situation of the enterprise</i> | | | | |
| Newly started | 17 | 42,50 | 25 | 73,53 |
| Taken over from family or friends | 8 | 20,00 | 3 | 8,82 |
| Taken over from others | 15 | 37,50 | 6 | 17,65 |
| <i>Total</i> | 40 | 100,00 | 34 | 100,00 |

the other hand, the share of female enterprises in the manufacturing-wholesale sector is very small (2,94%), when it is compared with the share of male enterprises in this sector (25%). We observe a more balanced distribution of economic activities in male enterprises. While half of the male enterprises belongs to the service sector, the other half of the enterprises belongs approximately with the same shares to the manufacturing-wholesale and retail sectors.

Another difference is observed in the starting situation of the enterprises. The majority of female enterprises have emerged as newly started (73,53%), whereas the trend for male entrepreneurs is to take over from others. The share of taking over from others is almost the same as the share of the newly started enterprises for male entrepreneurs. This trend can be explained by a more open and risk-taking behavior of male entrepreneurs which is observed also in capital acquisition.

However, this open and risk-taking behavior of ethnic male entrepreneurs does not make any difference in their performance explained by the development of sales (Table 5). The performance of ethnic male and female enterprises in terms of development of sales shows similar characteristics. This performance in development of sales is almost the same as the performance observed in the profit last year. However, there is no information for approximately 20% of the female enterprises which have recently

estate, laundry, press agency, repair, transport, retail, hotel and restaurant. While 80% of the female enterprises is in four sectors viz. driver schools, hairdresser, fashion shop, and human resource management and temporary job agency, the majority, i.e., 69%, of the male enterprises is in three sectors viz. retail, hotel and restaurant and wholesale.

Table 5 Performance of ethnic male and female enterprises

| | <i>Number of male enterprises</i> | <i>Share in total (%)</i> | <i>Number of female enterprises</i> | <i>Share in total (%)</i> |
|------------------------------------|-----------------------------------|---------------------------|-------------------------------------|---------------------------|
| <i>Development of sales</i> | | | | |
| Increase | 19 | 47,50 | 15 | 44,12 |
| Decrease | 8 | 20,00 | 4 | 11,77 |
| Same | 11 | 27,50 | 8 | 23,53 |
| Not applicable | 2 | 5,00 | 7 | 20,59 |
| <i>Profit last year</i> | | | | |
| Positive | 35 | 87,50 | 21 | 61,76 |
| Negative | 2 | 5,00 | 1 | 2,94 |
| Same | 3 | 7,50 | 5 | 14,71 |
| Not applicable | 0 | 0,00 | 7 | 20,59 |
| <i>Total</i> | 40 | 100,00 | 34 | 100,00 |

started. Therefore, these performance criteria are applicable to this part of the enterprises.

Finally, a comparison of the profile of employees and clients of ethnic male and female enterprises shows also some interesting contrasts in enterprises' ethnic characteristics (Table 6). Unfortunately, there is no data about the number of employees in male enterprises. Therefore, a comparison of the composition of employees in terms of the number of employees is not possible. However, an examination on the composition of employees in terms of the number of male enterprises which are hiring employees from their own ethnic group and from other groups shows us some interesting results. According to this information, 65% of the male enterprises tends to hire employees of their own ethnic group, whereas the share of employees from other groups is only 10%. In female enterprises these shares are 100% for employees both from their own ethnic group and from other groups. When the number of employees is examined, 61,16% of the employees is from the own ethnic group and 38,84% of the employees is from other groups. This composition shows that all female enterprises tend to hire at least one employee from the own ethnic group, moreover; the majority of the employees are also from this group. Therefore, it can be said that female entrepreneurs are closer than the male entrepreneurs to their own ethnic group in terms of hiring employees.

Table 6 Profile of employees and clients of ethnic male and female enterprises

| | <i>Number of male enterprises</i> | <i>Share in total (%)</i> | <i>Number of employees in female enterprises</i> | <i>Share in total (%)</i> |
|--|-----------------------------------|-----------------------------------|--|-----------------------------------|
| <i>Composition (nationality) of employees (%)</i> | | | | |
| Total employees | no data | no data | 121 | 100,00 |
| Employees from own ethnic group | 26 | 65,00 | 74 (100%) | 61,16 |
| Employees from other groups | 4 | 10,00 | 47 (100%) | 38,84 |
| | <i>Number of male enterprises</i> | <i>Clients share in total (%)</i> | <i>Number of female enterprises</i> | <i>Clients share in total (%)</i> |
| <i>Composition (nationality) of clients (%)</i> | | | | |
| Clients from own ethnic group | 32 (80%) | 21,00 | 25 (74%) | 44,00 |
| Clients from other groups | 40 (100%) | 79,00 | 33 (97%) | 56,00 |
| <i>Total</i> | 40 | 100,00 | 34 | 100,00 |

Another difference between male and female enterprises can be observed in the composition of clients. For male enterprises, the share of clients from own ethnic group is 21%, whereas this share is 44% for female enterprises. From this perspective female enterprises can be seen more ‘ethnic’ than the male enterprises. However, this fact may also depend on the specific sectors. Another reason may be the choice of economic activities. Female entrepreneurs can prefer to stay in a more ‘ethnic’ market niche, as is observed in the case of driver schools. In the sample of female entrepreneurs more than one third of the enterprises are made up of driver schools, and this sector has appeared to serve clearly ethnic and female needs. But, according to the results of our previous study on ethnic female entrepreneurs, these features for other sectors in general, are in a stage of change in terms of orientation towards clients from ethnic towards non-ethnic origin. On the other hand, for male enterprises, the high share of clients from other groups (79%) can partly be explained by the choice of economic activities. Male entrepreneurs are not only in the service sector, but also in the manufacturing, wholesale and retail sector which are open to all clients without regard to ethnicity. It is clear that male enterprises are in a further stage of change in terms of orientation towards clients from ethnic towards non-ethnic origin, compared to female enterprises.

This comparison on the profiles of ethnic male and female enterprises shows two important differences: i) although the service sector is the main sector ethnic entrepreneurs belong to, this orientation is stronger for female entrepreneurs than male

entrepreneurs, ii) female enterprises are more oriented towards their own ethnic group in terms of hiring employees and providing services for clients.

4. Gender differences in ethnic entrepreneurship

The empirical results of our comparative study show that there are indeed gender-based differences in ethnic entrepreneurship. Although there are many similarities which are stemming from 'ethnicity', ethnic male and female entrepreneurs and enterprises draw different profiles. The differences in ethnic male and female profiles have been found in four categories: background information and experience, motivation and driving force, sector, goals and strategies. The findings in terms of gender-based differences are as follows:

- Ethnic female entrepreneurs are relatively better educated and they have more experience than ethnic male entrepreneurs.
- Unemployment is the most important factor that makes a difference between ethnic male and female entrepreneurs in the motivation and driving force.
- Orientation to the service sector is stronger for ethnic female entrepreneurs than ethnic male entrepreneurs
- Ethnic female enterprises are more oriented towards their own ethnic group than ethnic male enterprises in terms of hiring employees and providing services for clients.

The first difference in background information and driving force shows partially similarities with the gender-based differences observed in entrepreneurship. Most of studies indicates that female entrepreneurs are generally well-educated, however, they have less experience than male entrepreneurs. In our case, ethnic female entrepreneurs are relatively better educated and differently from female entrepreneurs they have more experience than ethnic male entrepreneurs. This difference in experience can be explained by ethnic characteristics of male entrepreneurs in terms of lower educational level and unemployed position. Therefore, this difference can be evaluated as a relative difference stemming from the lower position of ethnic male entrepreneurs.

The second difference, unemployment, has occurred as the most important factor in the motivation and driving force. This difference can be explained by the 'opportunity-driven' and 'necessity-driven' motives in driving forces that defined by Verheul et al. From this perspective, second gender-based difference in ethnic entrepreneurship is completely similar to the difference observed commonly in entrepreneurship.

The third difference, sector, especially service sector in orientation, shows similar trends observed commonly in entrepreneurship. One difference from the trends in entrepreneurship can be the high rate of ethnic male enterprises belongs to service sector. This fact can be explained by 'ethnicity' as orientation in ethnic entrepreneurship is towards to the service sector. However, because of this orientation is more stronger for ethnic female entrepreneurs than ethnic male entrepreneurs, it can be said that the gender-based difference in the sector orientation shows similarities with the gender-based differences in entrepreneurship.

The fourth difference, orientation towards their own ethnic group, can be explained by a 'niche strategy'. Although this difference refers to ethnicity, as a trend it is a real niche strategy that can be explained by a lower risk-taking behavior, use of personal network and may be a team philosophy (that can be provided more easily by ethnic employees). Therefore, this difference also shows similarities with the gender-based differences in entrepreneurship.

Besides these categories, the findings are also strongly related to value systems. The differences in the perceptions and feelings of ethnic male and female entrepreneurs, especially in using family capital, show the importance of personal value systems in ethnic entrepreneurship. It can be said that ethnic female entrepreneurs perceive and approach business ownership differently than ethnic male entrepreneurs. As a result, all these gender-based differences in ethnic entrepreneurship similar to gender-based differences observed commonly in entrepreneurship.

5. Concluding remarks

Recent studies in entrepreneurship have addressed the gender-based differences which focused on psychological and sociological characteristics and performance. While there are similarities between male and female entrepreneurs across demographic characteristics, business skills and some psychological traits, differences have been found in educational and occupational background, motivations and driving forces, goals and strategies, management styles, approaches to business creation and personal value systems. These differences, especially those in personal value systems, show that women perceive and approach business ownership differently than men.

Gender-based differences do not only exist in entrepreneurship, but also exist in ethnic entrepreneurship. The results of our comparative study show that there are some gender-based differences in ethnic entrepreneurship similar to gender-based differences observed commonly in entrepreneurship. This similarity in trends demonstrates that 'gender' as a factor has a higher importance than the 'ethnicity' in the characteristics and behavioral attitudes of ethnic entrepreneurs. However, these similar gender differences, especially in the orientation to the service sector or in the niche strategy, are more dominant for ethnic female entrepreneurs due to the associated effect of ethnicity. This difference in orientation is also very interesting from a comparative perspective of ethnic male and female entrepreneurs.

Although the results of this comparative study offer many interesting insights, there are also many limitations which are stemming from several reasons. First, this comparative study is based on two differently formulated case studies and different data sets. Lack of data or different categories of information in the case studies do not allow a more detailed comparison. Second limitation is stemming from the target ethnic groups. While information about female group refers only one ethnic group, information about male group reflects characteristics of three different ethnic groups. Therefore, possible cultural effects can not be evaluated. Third and the most important limitation is the lack of emphasis especially on the factors such as management styles and personal value systems which are the critical ones that the more gender differences observed. A more detailed survey which focus on gender-differences in the same ethnic group might give a more clear picture of gender differences in ethnic entrepreneurship.

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