

## Are Male and Female Entrepreneurs Really That Different?

An Office of Advocacy Working Paper by Erin Kepler and Scott Shane,  
Shaker Heights, OH [61] pages. Under contract number SBAHQ-06-M-0480

Previous research has shown the performance of women-owned firms lagging male-owned firms on factors such as annual sales, employment growth, income, and venture survival. Reasons for the differences are often hypothesized, but empirical tests have historically suffered from data with a limited number of control variables on the motivations and characteristics of the owners. Moreover, many of the previous studies have suffered from survivor bias as they study existing (or surviving) businesses. This study seeks to determine why a performance difference exists for female- and male-owned ventures.

### Overall Findings

When other factors are controlled for, gender does not affect new venture performance. However, several factors—differing expectations, reasons for starting a business, motivations, opportunities sought and types of businesses—vary between the genders, and these result in differing outcomes. Such observations should be taken into account when comparing the outcomes of ventures across genders.

### Highlights

While gender was shown not to affect new venture performance when preferences, motivation, and expectations were controlled for, the differences observed among men's and women's new business ventures include the following:

- Men had more business experience prior to opening the business and higher expectations.
- Women entrepreneurs had a larger average household size.
- The educational backgrounds of male and female entrepreneurs were similar.

- Women were less likely than men to purchase their business.
- Women were more likely to have positive revenues, but men were more likely to own an employer firm.
- Female owners were more likely to prefer low risk/return businesses.
- Men spent slightly more time on their new ventures than women.
- Male owners were more likely to start a business to make money, had higher expectations for their business, and did more research to identify business opportunities.
- Male entrepreneurs were more likely to found technologically intensive businesses, businesses that lose their competitive advantage more quickly, and businesses that have a less geographically localized customer base.
- Male owners spent more effort searching for business opportunities and this held up when other factors were controlled for.
- Differences between women and men concerning venture size and hours are explained by control variables such as prior start-up and industry experience.
- Researchers and policymakers need to understand that studies which do not take into account the differing nature of men- and women-owned firms could result in misleading results.

### Scope and Methodology

The data used was from the Panel Study of Entrepreneurial Dynamics (PSED). The PSED captures very small ventures on average and is a self-reported survey. The subset used was a sample

of representative entrepreneurs who started in 1998 and 1999, resulting in 685 usable new businesses. Women represented 349 cases as they were oversampled, and the data were weighted to account for the oversampling.

Various measures of performance outcome were studied, such as venture size. Many of the variables were on a scale from “no extent” to “a very great extent.” Econometric models were created to determine the relationship among the variables. The relatively small sample size, short time frame, and nascent nature of the ventures are limitations of the study.

This report was peer reviewed consistent with the Office of Advocacy’s data quality guidelines. More information on this process can be obtained by contacting the director of economic research at [advocacy@sba.gov](mailto:advocacy@sba.gov) or (202) 205-6533.

## Ordering Information

The full text of this report and summaries of other studies performed under contract with the U.S. Small Business Administration’s Office of Advocacy are available on the Internet at [www.sba.gov/advo/research](http://www.sba.gov/advo/research). Copies are available for purchase from:

National Technical Information Service  
5285 Port Royal Road  
Springfield, VA 22161  
(800) 553-6847 or (703) 605-6000  
TDD: (703) 487-4639

[www.ntis.gov](http://www.ntis.gov)

Order number: PB2007-112634

Paper A05 (\$31.50)

Microfiche A01 (\$14.00)

CD-ROM A00 (\$24.00)

Download A00 (\$18.95)

For email delivery of Advocacy’s newsletter, press, regulatory news, and research, visit <http://web.sba.gov/list>. For Really Simple Syndication (RSS) feeds, visit [www.sba.gov/advo/rsslibrary.html](http://www.sba.gov/advo/rsslibrary.html).