DEMOGRAPHIC CHARACTERISTICS OF RURAL FEMALE ENTREPRENEURS

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ABSTRACT

Female business ownership is an important segment of business. Rural female entrepreneurs are an integral part of this sector. Research is lacking regarding the demographic characteristics of rural female entrepreneurs. Typical issues analyzed in the literature include gender, personal characteristics such as education, experience, age, marital status, children, motivation, founding strategies, initial capital, investment process, networks, inhibiting reasons, international, and public policy issues. This research developed a demographic profile revealing characteristics of the rural female entrepreneur.

INTRODUCTION

Female business ownership is an important segment of business. Reports indicate a progressive increase in the proportion of businesses owned by women. The National Foundation for Women Business Owners reported that by the end of 2002 female-owned businesses in Pennsylvania accounted for 26 percent of "all privately held firms" or 217,822 businesses. This is an increase from 1997 to 2002 of 7 percent (as cited in Women Owned, 2001). The Center for Women's Business Research reported that 46 percent of all privately held firms are either majority owned or 50 percent owned by females (Women Owned, 2001). A study financed by the Ewing Marion Kauffman Foundation suggests that business startups increased by only a small percentage in 2003 and that about 36 percent of those businesses were started by women (Batheja, 2004). Even though female business development is rising significantly, the research lags. Few research studies have examined rural female entrepreneurship. Little research in entrepreneurship has explored only the female population of entrepreneurs (Brush & Edelman, 2000). Though global research of female entrepreneurship has taken place for the last 25 years and knowledge has expanded, "there are still many questions unanswered" (Greene et al, 2003 p. 26).

Typical issues analyzed in the literature include gender, personal characteristics such as (education, experience, age, marital status, children), motivation (ambitions and goals) founding strategies, initial capital, investment process, networks, inhibiting reasons, international, and public policy issues (Greene, et al. 2003).

Background

This study examines the demographic characteristics of rural female entrepreneurs in rural Northeast Pennsylvania. The results describe the characteristics both individually and in the form of a profile. Research conducted by the Rural Entrepreneurship Initiative suggests that rural entrepreneurs are more likely to be women and minorities (Entrepreneurs, 2001). This is important because many of the businesses started by women are service businesses and do not produce the large amount of cash or growth created by manufacturing or male-owned businesses. Many of the firms employ only the female business owner. According to the Economic Census, there were 5.4 million women-owned businesses in the U.S. in 1997 representing 26.5 percent of all non-farm industry and employed 7.1 million people (Survey of Women-Owned, 2001). The average female owned business has 1.3 employees, including the owner and was a service business or retail trade business (Survey of Women-Owned, 2001). Most of the largest female owned businesses are in metropolitan areas and account for a large part of female owned business income. A study by the Small Business Administration, Survey of Small Business Finance shows the firm size is smaller for female-owned businesses than for male-owned businesses by assets and income. It also revealed the average age was younger for female-owned firms (2003).

Research by Hisrich and Brush led to a model of the female entrepreneur. This differs from this research in that the purpose of the Hisrich and Brush survey was to "develop a profile of the female entrepreneur, to assess the management skills women bring to their business enterprises, and to determine
the problems they encounter" (1984). The results were that the female entrepreneur was "between the ages of 35 and 45, married, with children, and well educated....in service businesses ...believe that they lacked management skills in the areas of finance, marketing, and planning" (Hisrich & Brush, 1984). Other characteristics determined by the study included being the first born child, having a self-employed father, being college educated, and starts her own business after the age of forty (Hisrich & Brush, 1984).

A 1998 study of 92 female entrepreneurs in the Pittsburgh, PA area recorded demographic variables. The results indicated that 95.6 percent of the female entrepreneurs were 31 years of age or older. Sixty-nine percent reported being married and 69.6 percent of the 92 entrepreneurs had two or more children. The report stated that 68.9 percent had a bachelor's degree (42.2 percent) and Master's degree (26.7 percent) (Raya, 1999).

A 2002 Canadian study of entrepreneurs revealed that the average age of female entrepreneurs is 43. Other characteristics for female entrepreneurs included the number of years in operation that averaged nine (Small Business Research, 2003).

The literature indicates that rural entrepreneurs are likely to be women and minorities. Lack of training for females in the workplace may inhibit development of leadership skills. Researchers believe that more research is necessary to give a complete and accurate description of the female entrepreneur. Current research describing a profile of the characteristics of the demographics of rural female entrepreneurs is rare and needs added development, which supports the necessity for this study.

Research Design

A demographic questionnaire was developed and included open-ended questions such as Name; Age; Highest Educational Level Completed; Marital Status; Number of Children still living at home; Ethnicity (Optional); Date when business was opened; Type of Business: Retail, Service, or Manufacturing; Number of Employees; Age when you opened your first business; and Primary reason (s) for opening business.

A mailing list was used to reach rural female entrepreneurs in the surrounding five county area. This was compiled and sent by the Wilkes University Small Business Development Center with the approval of the Pennsylvania State Association of SBDCs. Approximately 150 questionnaires were mailed and the response resulted in 50 usable questionnaires. This is a 33.3 percent response rate. Using a 95 percent confidence level, 50 responses yield an error factor of 13. The researcher feels that because the list was not randomly generated the sample was a nonprobability convenience sample.

FINDINGS

Demographic Questionnaire Results

The following are the demographic research results. They are explained first in terms of individual category results. Each of the category's outcomes is explained and where possible a mean is calculated. A profile is then developed by combining the results.

Current Age

The participants' ages range from 21 to 75. Forty-eight of the fifty participants responded to this answer. Seven of the participants are between Ages 21 to 30 comprising 14 percent. Ages 31 to 40 comprise 20 percent. Ages 41 to 50 comprise 30 percent. Ages 51 or older comprise 32 percent. There was no answer by four percent of the participants. The mean age of the participants who responded is 44.5.

Educational Level

Thirty-eight of the fifty participants surveyed indicated having had either some college or graduated from college. Of those graduating from college one participant holds a 2 year degree; nineteen hold four year degrees including two with Masters Degrees and one DO. Other degrees include two from technical schools. There was no answer by four percent of the participants.

Marital Status

Thirty-three of the participants or 66 percent are married. Eight of the participants or 16 percent are single, eight of the participants or 16 percent are divorced and one of the participants or two percent is unmarried.

Number of Children at Home

Twenty-four females or 48 percent of the participants have no children living at home; eleven or 22 percent have one child living at home; twelve or 24 percent have two children living at home, and 3
participants or six percent have three children living at home. The total number of children living at home is forty-four. The mean number of children at home is 0.88.

**Ethnicity**

Ethnicity was optional on the questionnaire. Eighteen participants or 36 percent did not give an answer; thirty participants or 60 percent are Caucasian; one participant or 2 percent is Native American, and one participant or two percent is Hispanic.

**Years in Business**

Fifteen of the participants or 30 percent have been in business for two years or less; eight or 15 percent have been in business from 3-5 years and nine or 18 percent have been in business from 6-8 years. Seven of the participants or 14 percent have been in business from 9-11 years; seven or 14 percent have been in business from 12-19 years, and four participants or eight percent have been in business for 20 years or more. Of those participants in business for 20 years or more, one has been in business for twenty years, one has been in business for 24 years and two have been in business for 27 years. The mean number of years in business is 7.92.

**Business Type**

Participants were instructed to circle as many types of businesses as applied from the following three types of businesses Retail, Service, or Manufacturing. Twenty-two participants or 44 percent indicated owning a retail business, 13 participants or 26 percent indicated owning a service business, and two participants or four percent indicated owning a manufacturing business. Ten participants or 20 percent indicated owning a retail-service business, two participants or four percent indicated owning a retail manufacturing business, and one participant or two percent indicated owning a retail, service, manufacturing business.

**Number of Employees**

Seventeen of the participants or 34 percent reported having one employee, twelve of the participants or 24 percent reported having two or three employees and eight of the participants or 16 percent reported having four to six employees. Four of the participants or eight percent reported having seven to nine employees, four of the participants or eight percent reported having ten to twelve employees, and three participants or six percent reported having thirteen to fifteen employees. Two of the participants or four percent reported having twenty or more employees.

**Age When First Business was Started**

Two participants or four percent started the first business between the ages of 18 and 20. Eighteen participants or 36 percent started the first business between the ages of 21 and 29 and fourteen participants or 28 percent started the first business between the ages of 30 and 39. Twelve participants or 24 percent started the first business between the ages of 40 and 49, one participant or two percent started the first business between the ages of 50 and 59, and one participant or two percent started the first business at age 60 or older. Two participants or four percent did not answer the question.

**Reason for Starting Business**

Nineteen participants or 38 percent stated the desire to be in business for self as the reason for starting the business. Seven participants or 14 percent recognized a need in the community for the business. Six participants or 12 percent stated starting a business created an opportunity to do something they liked. Four participants or eight percent used industry knowledge, three participants or six percent wanted to create a new work environment, and two participants or four percent stated a desire to have the business as a primary job. Two participants or four percent stated a desire to have extra income for the family, two participants or four percent stated having held a similar previous job working for someone else, one participant or two percent decided to come out of retirement, and four participants or eight percent gave no answer.

**Profile**

As indicated by the results the general demographic characteristics of the rural female vary. Some of these characteristics vary widely. The researcher has attempted to show the demographic characteristics of the average female entrepreneur in Table 1.
Table 1
Demographic Profile of Rural Female Entrepreneurs

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Age</td>
<td>44.5</td>
</tr>
<tr>
<td>Educational Level</td>
<td>40 percent College</td>
</tr>
<tr>
<td>Marital Status</td>
<td>Married</td>
</tr>
<tr>
<td>Number of Children at Home</td>
<td>One</td>
</tr>
<tr>
<td>Ethnicity</td>
<td>Caucasian</td>
</tr>
<tr>
<td>Years in Business</td>
<td>7.92</td>
</tr>
<tr>
<td>Business Type</td>
<td>Service or retail related</td>
</tr>
<tr>
<td>Number of Employees</td>
<td>Less than 10</td>
</tr>
<tr>
<td>Age When First Business was Started</td>
<td>33</td>
</tr>
<tr>
<td>Reason for Starting Business</td>
<td>Need for independence</td>
</tr>
</tbody>
</table>

(Frear, 2005)

The current rural female entrepreneur is Caucasian, married and has 1 child at home is 44.5 years of age and started her first business at age 33. Almost 40 percent are college educated. The business is service or retail related. The number of years in business is 7.92 years, with fewer than ten employees. The reason for starting the business was based on a need for independence.

CONCLUSION

The article started by proposing the lack of research regarding a demographic profile of the rural female entrepreneur. The research sought to provide such information and a profile was developed. It was found that the current demographic characteristics of rural female entrepreneurs are similar to the findings of previous researchers. The age, marriage, education, business type, and family characteristics resemble the findings of the Hisrich and Brush (1984). Although no correlations can be made, even though there is a twenty-one year span, as well as a difference in the size of the populations surveyed, the closeness of the results corroborate previous research.

FURTHER RESEARCH

Many different areas of research can be focused on the rural female entrepreneur. Areas of research include all of those traditional areas of management and organizational behavior that are currently under-researched. The rural female entrepreneur is an important part of the business sector. Sector expansion should lead to the development of greater amounts of research. One of the questions this research asked was the reason for going into business, but this was not an in-depth look at this question. The cause of the similarities for which women choose to become entrepreneurs may be a consequence of life experiences or other motivational factors. It would be interesting to discover the cause of the similarities. While it is not within the scope of this paper to deduce the reasons for the similarities, the findings point to a need for further research on the motivation(s) as to why women decide to become entrepreneurs, and how if at this correlates to the demographic findings.

REFERENCES


Dean Frear is an Assistant Professor of Organizational Behavior at Wilkes University.