

The top half of the cover features a photograph of two women. On the left is a Black woman with short dark hair, smiling, wearing a dark blazer over a light blue collared shirt. On the right is a white woman with short brown hair, also smiling, wearing a light-colored pinstriped blazer. Behind them is a faint, stylized map of the world with latitude and longitude lines.

# **WOMEN ENTREPRENEURS AND THE GLOBAL ENVIRONMENT FOR GROWTH**

A Research Perspective

Edited by  
CANDIDA G. BRUSH  
ANNE DE BRUIN  
ELIZABETH J. GATEWOOD  
COLETTE HENRY



# Women Entrepreneurs and the Global Environment for Growth

A Research Perspective

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*Edited by*

Candida G. Brush

*Babson College, USA*

Anne de Bruin

*Massey University, New Zealand*

Elizabeth J. Gatewood

*Wake Forest University, USA*

*and*

Colette Henry

*University of London, UK*

**Edward Elgar**

Cheltenham, UK • Northampton, MA, USA



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# Contributors

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**Haya Al-Dajani**, PhD, is Lecturer in Entrepreneurship and Small Business Management at the Norwich Business School, University of East Anglia, England, UK. Her research focuses on gender, entrepreneurship and empowerment with emphasis on women in the Middle East region, displaced and migrant women.

**Gry Agnete Alsos**, PhD, is Managing Director of Nordland Research Institute in Bodø, Norway. Her interests include entrepreneurial experience, habitual entrepreneurs, business start-up process, entrepreneurship policy and gender perspectives on entrepreneurship.

**Yvonne Brunetto**, PhD, is Associate Professor of Human Resource Management at Southern Cross University, Australia. Her research interests include entrepreneurial idea generation through network behaviour, public policy development and implementation, women's entrepreneurship and the retention of skilled older workers.

**Candida G. Brush** is Professor of Entrepreneurship, holder of the Paul T. Babson Chair in Entrepreneurship, and Chair of the Entrepreneurship Division at Babson College, USA. She is a Visiting Adjunct Professor to the Norwegian School of Engineering and Technology in Trondheim, Norway. Dr Brush is a founding member of the Diana Project International, and received the 2007 FSF NUTEK Award for Outstanding Contributions to Entrepreneurship Research. Her research investigates women's growth businesses and resource acquisition strategies in emerging ventures.

**Michelle Budig**, PhD, is an Associate Professor of Sociology at the University of Massachusetts-Amherst, USA. She has been awarded the 2009 World Bank-Luxembourg Income Study Gender Research Award and the 2003 Rosabeth Moss Kanter Research Award for Excellence in Family Research. Her research interests include gender, work, family policy, self-employment, and wage penalties for motherhood.

**Sara Carter**, PhD, is Professor of Entrepreneurship and Head of Department at the Hunter Centre for Entrepreneurship, University of Strathclyde Business School, Scotland, UK. Her research interests include

entrepreneurial incomes, wealth and economic well-being, entrepreneurial households, rural and agricultural entrepreneurship and women entrepreneurs.

**Marc Cowling**, PhD, is Principal Economist at the Institute for Employment Studies and Visiting Professor at Exeter University Business School, England, UK. His research interests include the job generation process and potential of small businesses, the dynamics of productivity growth over time, and the financing of small business.

**Anne de Bruin**, PhD, is Professor of Economics in the School of Economics and Finance (Albany), Massey University, New Zealand. Her research interests include entrepreneurship in the creative industries, women entrepreneurs, new conceptualizations of entrepreneurship, franchising, social innovation, sustainable employment and regional development.

**Rodney Farr-Wharton**, PhD, is Senior Lecturer and Program Leader in Innovation and Entrepreneurship at the University of the Sunshine Coast, Australia. His research interests include the innovation behaviour of entrepreneurs, the behaviour of networks of entrepreneurs in the generation of ideas, sustainable development of micro-enterprises, women's entrepreneurship and the retention of skilled older workers as affected by management practice.

**Elizabeth J. Gatewood**, PhD, is the Director of the National Science Foundation Partners for Innovation Program at Wake Forest University, Winston-Salem, North Carolina, USA. She is a founding member of the Diana Project International and won the 2007 FSF Nutek Award for Outstanding Contributions to Entrepreneurship Research. Her research interests include the factors influencing the success of women entrepreneurs, entrepreneurial cognition, and entrepreneurial development in developing economies.

**Mark D. Griffiths**, PhD, is the Jack Anderson Professor of Finance at the Farmer School of Business at Miami University, USA. He has authored numerous journal articles and several books, and conducts research on issues related to transactional impediments to entrepreneurship as well as issues in the US and international money markets.

**Lisa K. Gundry**, PhD, is Professor of Management in the Kellstadt Graduate School of Business, and Director of the Center for Creativity and Innovation at DePaul University, USA. Her research interests include innovation processes in organizations, creativity and entrepreneurship, and entrepreneurial growth strategies.

**Richard T. Harrison** is Professor of Management and Director of the Queen's University Management School, Belfast, Northern Ireland, UK. His research interests include entrepreneurial finance, entrepreneurial learning and leadership, academic entrepreneurship and technology transfer, gender issues in entrepreneurship, entrepreneurship in emerging economies and the analysis of public policy interventions. He is also founding editor of *Venture Capital: An International Journal of Entrepreneurial Finance* (Routledge).

**Colette Henry**, PhD, is the Norbrook Professor of Business and Enterprise at The Royal Veterinary College, University of London, England, UK. Her research interests include entrepreneurship education and training, programme effectiveness, women's entrepreneurship, incubation and creative industries enterprise. She is also the founding editor of the *International Journal of Gender and Entrepreneurship*.

**Frances M. Hill**, PhD, is Director of the Executive MBA programme at the Queen's University Management School, Belfast, Northern Ireland, UK. Her research interests encompass various aspects of new venture creation and business growth including gender and access to business finance, gender and business growth, entrepreneurial networks and networking behaviours, social enterprise, organizational learning and qualitative research methodology.

**Karen D. Hughes**, PhD, is Professor in the Department of Strategic Management and Organization (School of Business) and the Department of Sociology (Faculty of Arts) at the University of Alberta, Canada. Her research examines women's role in entrepreneurship, non-traditional employment, and corporate governance. She is author of *Female Enterprise in the New Economy*.

**Tatiana Iakovleva** is an associate professor at the Social Science Faculty, Business Administration Department at Stavanger University, Norway. Her research interests include personal and organizational antecedents leading to innovation and superior entrepreneurial performance, female entrepreneurship, social entrepreneurship, as well as factors affecting entrepreneurial intentions.

**P. Devereaux Jennings**, PhD, is Professor of Strategy and Organization Theory at the University of Alberta's School of Business in Edmonton, Alberta, Canada. His research interests include institutional entrepreneurship, the use of narratives in new venture creation, and co-entrepreneurs in family businesses.

**Jennifer E. Jennings**, PhD, is an Associate Professor in the Department

of Strategic Management and Organization at the University of Alberta School of Business, Canada. Her current research interests focus on the influence of gender, family, discourse and effects on entrepreneurial processes and outcomes.

**Ragnhild Steen Jensen**, PhD, is a senior researcher at the Institute for Social Research, Oslo, Norway. Her research interests include gender aspects of business ownership and family businesses, as well as employment and regional development.

**Jill Kickul**, PhD, is the Director of the Stuart Satter Program in Social Entrepreneurship in the Berkley Center for Entrepreneurship and Innovation at New York University Stern School of Business, USA. Her current research interests include innovation strategies for new and emerging business as well as the evaluation and measurement of the impact of social ventures.

**Kim Klyver**, PhD, is a Professor at the University of Southern Denmark, although this work was completed during his position as a postdoctoral scholar at Stanford University, USA in 2009. His main research interests include nascent entrepreneurship, growth, social networks, entrepreneurship policy and women's entrepreneurship.

**Annu Kotiranta**, PhD candidate, is an analyst at Ramboll Management Consulting. In her prior position she worked as a researcher at ETLA, the Research Institute of the Finnish Economy (Helsinki, Finland). Her research interests concentrate on globalization and innovation.

**Anne Kovalainen**, PhD, is the Minna Canth Academy Professor at the Academy of Finland and Professor at the School of Economics, University of Turku, Finland. Her research interests include gender, entrepreneurship, restructuring of welfare states, labour markets and careers, innovation, Science and Technology Studies (STS), sociological theory and methodology. She has published widely in books and leading academic journals.

**Wing Lam**, PhD, is a Senior Lecturer in Entrepreneurship and Course Leader for the Business Enterprise Programme at the University of Central Lancashire, England, UK. Her primary research interests focus on female entrepreneurship, family business, ethnic entrepreneurship and entrepreneurship education.

**Joanne Leck**, MBA, PhD is the Associate Dean, Research at the University of Ottawa Telfer School of Management, Canada. Her research interests include managing diversity, mentoring, employment equity and violence in the workplace. Current research also focuses on how mentorship

programmes can be better designed to foster the advancement of women in the workplace.

**Claire M. Leitch**, DPhil, is a Senior Lecturer and Director of Education (Postgraduate and Executive Education) at the Queens' University Management School, Queen's University, Belfast, Northern Ireland, UK. Her research interests are in entrepreneurial leadership, entrepreneurial learning, women entrepreneurs, technology transfer and the role of research universities in the commercialization process and regional development.

**Elisabet Ljunggren**, PhD, is a senior researcher at Nordland Research Institute, Bodø, Norway. Her research interests include gender aspects of entrepreneurship, entrepreneurship within farming and rural entrepreneurship, the household dimensions of entrepreneurship, the industry experience and innovation and policies to enhance entrepreneurship and innovation.

**Susan Marlow**, PhD, is Professor of Entrepreneurship at De Montfort University, Leicester, England, UK and Co-editor of the *International Small Business Journal*. Her research interests include the influence of gender upon entrepreneurship, women and business incubation and managing labour in small firms.

**Maura McAdam**, PhD, is a Lecturer in Management at Queen's University Belfast, Northern Ireland, UK. Her research explores female entrepreneurship, high-technology based enterprises and support mechanisms such as incubators and science parks. She is particularly interested in the growth patterns of female-owned high-technology firms and the role of incubators in supporting growth. She has a broad practical foundation from her work in industry which she gained prior to entering academia.

**Barbara Orser**, MBA, PhD, is the Deloitte Professor in the Management of Growth Enterprises at the University of Ottawa Telfer School of Management, Canada. Her research interests include women entrepreneurs, examining the influences of gender on organizational performance, entrepreneurship and small business policy.

**Miroslav Rebernik**, PhD, is a Professor of Business Economics and Entrepreneurship, Head of the Department for Entrepreneurship and Business Economics, and Director of the Institute for Entrepreneurship and Small Business Management at the Faculty of Economics and Business, University of Maribor, Slovenia. His research interests include entrepreneurship policy, growth, women entrepreneurship, innovation



and development. He is currently leading the Global Entrepreneurship Monitor for Slovenia.

**Petri Rouvinen**, PhD, is Research Director at ETLA, the Research Institute of the Finnish Economy (Helsinki, Finland). His research interests include entrepreneurship, globalization and innovation. He has contributed to volumes by Oxford University Press and Stanford University Press and has published in *Information Economics and Policy*, *Labour Economics* and *Telecommunications Policy*.

**Eleanor Shaw**, PhD is a Reader in Marketing at Strathclyde Business School, Scotland, UK. She is also Principal Investigator of an Economic and Social Research Council (ESRC) funded research project which is exploring contemporary entrepreneurial philanthropy. Her research interests include entrepreneurial capital, social entrepreneurship and women's entrepreneurship.

**Karin Širec**, PhD, is an Assistant Professor of Business Economics and Entrepreneurship in the Department for Entrepreneurship and Business Economics at the Faculty of Economics and Business, University of Maribor, Slovenia. Her research interests include general entrepreneurship, growth, women's entrepreneurship and entrepreneurship policy.

**David Smallbone** is Professor of Small Business and Entrepreneurship, and Associate Director of the Small Business Research Centre at Kingston University, England, UK. His research interests include entrepreneurship in transition and emerging market economies, rural enterprise, ethnic minority and immigrant entrepreneurship, entrepreneurship and small and medium-size enterprise (SME) policy and regional development.

**Robert Strohmeier**, Dipl.-Soziologe, is Senior Research Fellow at the Institute for SME Research at the University of Mannheim, Germany. He was awarded the 2006 Academy of Management's Best Paper Award (Entrepreneurship Division). His research interests include women's entrepreneurship, ethnic entrepreneurship, corruption and entrepreneurship, biotechnology entrepreneurship, and evaluation of firms' publicly funded research and development (R&D) activities.

**Siri Terjesen**, PhD, is an assistant professor of Management and Entrepreneurship in the Kelley School of Business at Indiana University, USA. Her main research interests include international entrepreneurship, strategy and female entrepreneurship.

**Polona Tominc**, PhD, is a full-time Professor of Statistics and Quantitative Methods in Entrepreneurial Research in the Department of Quantitative

Economic Analysis at the Faculty of Economics and Business, University of Maribor, Slovenia. Her research is focused on statistical methods in economics, especially in the field of entrepreneurship and gender differences.

**Vartuhi Tonoyan** is Assistant Professor of Management at the Business School of the University of Mannheim and Head of the Entrepreneurship Division at Mannheim's Institute for SME Research, Germany. She is a visiting research fellow at the Graduate School of Business at Stanford University, USA. She has been awarded the 2006 Academy of Management's Best Paper Award (Entrepreneurship Division) as well as the Best Reviewer Award (International Management Division). Her research interests include corruption, business ethics, women's entrepreneurship, innovation, strategy and high-tech entrepreneurship.

**Lorna Treanor** is Research Manager at the Centre for Entrepreneurship Research at Dundalk Institute of Technology, Ireland. Her research interests include women's entrepreneurship, social entrepreneurship, incubation and entrepreneurship education and training.

**Friederike Welter** is Professor of Entrepreneurship at Jönköping International Business School (JIBS), Sweden and holds the TeliaSonera Professorship for Entrepreneurship at Stockholm of Economics in Riga. Her research interests include women's entrepreneurship and SME development, as well as entrepreneurship in different contexts, including public policies.

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# 1. Introduction: women entrepreneurs and growth

**Candida G. Brush, Anne de Bruin,  
Elizabeth J. Gatewood and Colette Henry**

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Women-owned businesses are one of the fastest growing entrepreneurial populations in the world. They make significant contributions to innovation, employment and wealth creation in all economies (Brush et al., 2006). Statistics from the Global Entrepreneurship Monitor (GEM) indicate that women entrepreneurs create and run businesses across all of the broad industrial sectors of extraction, transformation, business services and consumer-oriented products. Women in developed economies are more likely to start businesses out of opportunity motivation while those in less developed economies are motivated by necessity. Latin America and Asia have higher rates of entrepreneurial activity for women than Europe and the US. However, women entrepreneurs make significant contributions to economies in terms of jobs, innovations and gross national product (Allen et al., 2007).

Despite the growing importance of women entrepreneurs, they are understudied and the paucity of research on the phenomenon of women's entrepreneurship is well documented (Baker et al., 1997; de Bruin et al., 2006, 2007). Recent literature reviews suggest that studies about women entrepreneurs comprise less than 10 per cent of all research in the field. The result is that we know comparatively little about women entrepreneurs even though they contribute positively to gross national product (GNP), jobs, innovations and societal welfare globally. For the past 10 years, the Diana Project has worked to resolve this disparity.

## THE DIANA PROJECT

Early research on women's entrepreneurship focused on factors influencing the start-up of ventures (Gatewood et al., 2003). Notably absent was an understanding of factors affecting growth. In 1999, Candida Brush, Nancy Carter, Elizabeth Gatewood, Patricia Greene and Myra Hart

launched the Diana Project to study the phenomenon of women's entrepreneurship in the United States. Historically, women-led ventures were smaller than those led by men, whether measured by size of revenues generated or the number of people employed. The overarching question was, 'Why do women-owned businesses remain smaller than those of their male counterparts?' A multi-method research effort was undertaken to examine supply of and demand for growth capital relative to women entrepreneurs. United States research showed that women entrepreneurs seldom acquired sufficient funds to grow their businesses aggressively and to reach their full potential. This raised a new question, 'Do women face unique challenges in acquiring growth capital?'

While the collective research documents the demand by women entrepreneurs for equity capital, there was and still is a mismatch between the women, their ventures and sources of growth funding (Brush, et al., 2001b, 2004b). The Diana Project findings prompted great interest amongst the media, policy-makers, practitioners and educators wanting to learn more about ways to increase women entrepreneurs' receipt of growth capital by providing a better infrastructure of programmes and curricula for women who wished to grow larger businesses (see, for example: Hart, 2003; Henry, 2002; Hoover, 2002; Montandon, 2002). All these audiences shared the objective of facilitating the growth of new businesses that could produce innovation and wealth for the benefit of individual entrepreneurs, their families and ultimately their communities.

Simultaneous to the Diana Project research, interest in women entrepreneurs and growth of their ventures was rising in most countries around the world. To capture and leverage that interest, the Diana Project team, in partnership with ESBRI (Entrepreneurship and Small Business Research Institute, Sweden), convened an international gathering of scholars in 2003 to develop a shared research agenda. The goal was to exchange ideas and learn from each other about the current state of research on creation and support for new women-led businesses, and particularly, support and development of growth-oriented businesses. The purpose of creating the Diana International collaborative was twofold:

- To provide a platform from which to develop, conduct and share a global research agenda.
- To create an international community of scholars dedicated to answering the questions about women entrepreneurs and growth-oriented businesses.

The product of the first Diana International Conference in 2003 was a report discussing the importance of growth-oriented women-led

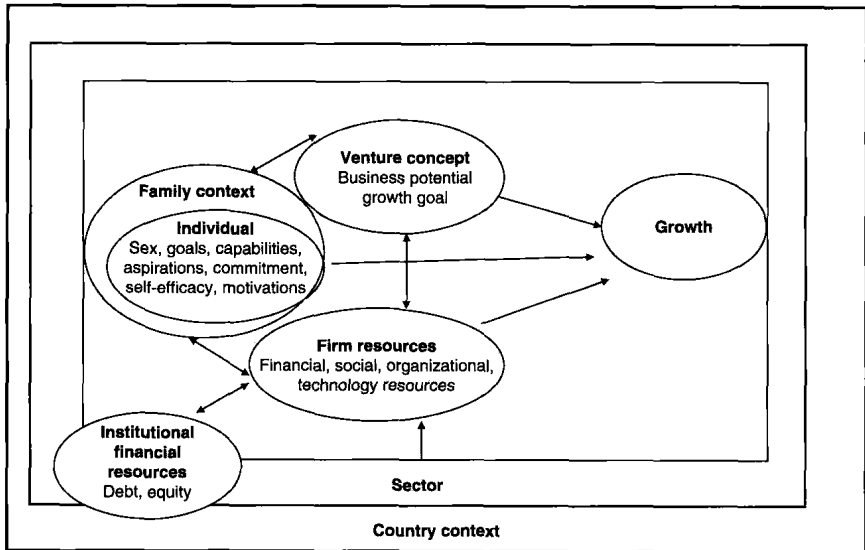
businesses and summarizing the state of knowledge about these businesses in the initial countries involved. This report was released in spring of 2005 and provided a summary of the presentations about the state of women's entrepreneurship by country. For the second conference in 2004, participants presented working papers. Following the event, papers were peer reviewed, revised and finally submitted for consideration for an edited volume entitled *Growth-Oriented Women Entrepreneurs and their Businesses* (Brush et al., 2006). The book is the product of the second Diana International Conference which represents the hard work and dedication of an expanded community of scholars passionate about understanding the growth of women's entrepreneurship.

Since 2004, research conferences were held in Stockholm (2005, 2006), Madrid (2007), and Belfast (2008). The Belfast conference was attended by more than 100 international scholars. Several special issues of journals have published refereed work specifically on the topic of women's entrepreneurship, notably: *Entrepreneurship Theory and Practice* (2 volumes), *Venture Capital Journal*, *Entrepreneurship and Regional Development*, the *Journal of Enterprising Culture*, *International Journal of Entrepreneurial Behaviour and Research* and *International Small Business Journal*. In addition, a new journal, the *International Journal of Gender and Entrepreneurship* was launched in 2008 and has published its first volume. In 2007 the founders of the Diana Project were awarded the prestigious Global Award for Entrepreneurship Research sponsored by the Swedish Entrepreneurship Forum, the Swedish Agency for Economic and Regional Growth and the Research Institute of Industrial Economics. Collectively, these efforts demonstrate significant progress in building a global research agenda and a growing community of scholars that can address the deficit in our knowledge of women entrepreneurs.

## A FRAMEWORK FOR GROWTH

*Growth-Oriented Women Entrepreneurs and their Businesses* (Brush et al., 2006) introduced a framework to examine the factors influencing the growth of individual women-led businesses. This framework discussed four main constructs: the individual, venture concept, firm resources and institutional financial resources. Additionally, the framework showed that the potential for growth was influenced by both the business sector and the country context.

In this second volume, for continuity and consistency, we utilize these same framework elements but modify its portrayal to highlight that the individual is nested within the family. Figure 1.1 thus shows the individual



Source: Adapted from Brush et al. (2004a).

Figure 1.1 Research framework for women and growth businesses

enveloped within an outer circle of the family. Our interpretation of the framework also differs since we place greater emphasis on the need for contextualizing women's entrepreneurship at various levels including family and other institutional contexts.

The foundation for any new venture is the *individual* and the initial package of capabilities and resources that the entrepreneur and her team bring to the table. Not only does the entrepreneur's level of formal education and on-the-job experience and training have a positive relation to success, but so does women's self-assessment of having adequate skills and knowledge (Langowitz and Minniti, 2007). Male and female entrepreneurs also tend to differ in their aspirations and strategic choices, with some women intentionally preferring to keep their businesses smaller (Cliff, 1998; Orser and Hogarth-Scott, 2002). Other individual-level factors such as personal traits and the motivation for starting the business can vary widely (Buttner and Moore, 1997). While the entrepreneur's human capital, characteristics, motivations and aspirations form the base for the venture, entrepreneurs are not atomistic actors. They are embedded within their household and *family context* which usually has a larger impact on women than men in the entrepreneurial process (Brush et al., 2009).

The *venture concept* is what the business does or the product or service it



provides (Bhide, 2000). It starts from an idea, innovation or a problem and is transformed into a concept which forms the basis of the organization. Breakthrough ideas, a solution to an important problem, or the creation of a product with low substitutes which will cater to a large market instead of a low-value niche, will spawn organizations with a high growth potential. Such business concepts are also likely to have a higher probability of attracting external funding for growth (Timmons and Bygrave, 1997).

*Firm resources* are used to convert the concept into reality and take the goods and services to market (Penrose, 1954). Resources fall into several categories: social, financial, organizational, physical and technical (Brush et al., 2001a). Social capital is a form of non-economic knowledge and emerges from norms, relationships and social structures in an individual's life (Coleman, 1988). This includes the network of contacts and reputation, as well as the skills and expertise that help entrepreneurs and their teams acquire the resources of the emerging organization (Aldrich, 1999). Other resources include organizational resources which are those relationships, structures, routines and information of the new venture (Dollinger, 1995). Physical resources include tangible and intangible assets needed for the operations of the business (Dollinger, 1995). These also may include technology and equipment as well as materials and other physical assets of the business. Financial resources are the cash and money assets of the business (Bygrave, 1992). Often personal savings of the entrepreneur and team are the first financial resources available to the firm.

The *business sector* or industry in which the venture operates also has implications for growth (Carter et al., 1997). Women are concentrated in sectors such as retailing, personal care services, catering and restaurants, which are characterized by ease of entry and low start-up financial capital. These sectors are intensely competitive and overcrowded and this limits growth potential (Brush et al., 2004a; Marlow et al., 2008).

*Institutional financial resources* comprise external funding sources outside the venture. The availability of and access to external financial capital from private sector financial institutions and equity providers, including venture capitalists and angels, is usually a prerequisite for business growth. There continues to be differences in external funding patterns between male and female-owned businesses (Brush et al., 2001b; Greene et al., 1999; Haines et al., 1999). In contrast to the earlier discussion, we seek here to explore some explanations for these differences, by highlighting how in Figure 1.1 this element intersects both the sector and the country context. With regard to the former, studies suggest that structural factors including sector-related factors can account for sex differences in external funding (for example, Haines et al., 1999). Other studies, however, suggest there is an unexplained gender residual (for example, Verheul and