Women-owned small and medium enterprises in England
Analysis of factors influencing the growth process

Muhammad Azam Roomi
Centre for Women’s Enterprise, University of Bedfordshire Business School, University of Bedfordshire, Luton, UK
Pegram Harrison
Said Business School, University of Oxford, Oxford, UK, and
John Beaumont-Kerridge
Centre for Women’s Enterprise, University of Bedfordshire Business School, University of Bedfordshire, Luton, UK

Abstract
Purpose – This study attempts to understand the nature and activities of growth-oriented women-owned businesses in the East of England by highlighting the problems faced by women entrepreneurs during the growth process.
Design/methodology/approach – The approach analysed the main growth factors and their influence on the adoption of different growth strategies. An online questionnaire was designed using Snap survey software™, with results exported to SPSS™ for analysis. Both quantitative and qualitative data were collected via a variety of scaled, open-ended, rank order, dichotomous, multiple choice and open questions.
Findings – The research indicates that most do not opt to develop growth-oriented businesses, choosing instead small, non-scalable, locally focused businesses providing services or operating in low-tech industries. Women who are growth-oriented appear to be inhibited due to a lack of access to, and control over such resources as, capital, business premises, information and technology, production inputs, appropriate childcare, qualifications, experience, training facilities and appropriate assistance from business development agencies. Non-effective accumulation and use of social capital hinders access to appropriate decision-making circles, and limits the probability of accessing critical management and financing resources, especially through the venture capital industry.
Practical implications – This research has implications for government or other business development agencies seeking to understand the growth patterns and problems of women-owned enterprises in the East of England.
Originality/value – There are few British studies that have focussed on growth oriented women-owned businesses. This study contributes to the body of knowledge by attempting to understand the nature and activities of such business, by analysing the main growth factors and their influence on different growth strategies.

Keywords Women, Small to medium-sized enterprises, Entrepreneurialism, Business development, England

Paper type Research paper

This research study, conducted by the Centre for Women’s Enterprise at the University of Bedfordshire, is supported by a grant from the Higher Education European Social Fund (HE-ESF).
1. Introduction
Women’s economic activities, particularly in self-employment, empower them economically and enable them overall to contribute more to the development of their country (Sarri and Trihopoulou, 2004). Recent statistics confirm that women’s economic activities play a crucial role in the growth of many of the world economies (Minniti et al., 2005). Recognising this value and its importance, many governments in the world are paying at least some attention in order to create an environment conducive for the establishment of women-owned enterprises.

According to one of the studies conducted by the UK Small Business Service (Carter et al., 2001), women business owners contribute £50-70 billion in gross value added to the UK economy each year. This figure does not include the contribution of women business owners in large businesses, women’s unpaid contributions, such as caring or the contributions made in businesses where the owner is male but which is a partnership.

The UK government is increasingly recognising the importance and contribution of women-owned enterprises to the national economy. Several initiatives have been taken in the recent past to raise the number of women entering into self-employment. As a result, the last two decades have seen a profound rise in the number of women becoming self-employed. The gap between male and female entrepreneurship in the UK has narrowed in the past few years, but not as much as the rise in the number of women joining the self-employment arena (Minniti et al., 2005). One of the reasons could be a higher failure rate of women-owned businesses as compared to male-owned businesses in the country (Brush et al., 2005). With an increasing number of women starting new businesses worldwide, the literature is replete with the issues and problems faced by women in pre-start-up and start-up stages and their possible solutions (Greene et al., 2003). A number of authors (Brush et al., 2004, 2005; Minniti et al., 2005) point out the absence of studies that can help to raise the understanding of factors influencing growth and suggest a need to investigate the problems and issues faced by women-owned enterprises at local level during the survival and growth stages.

2. Objectives
Some studies (Birley, 1989; Rosa et al., 1996; Eastwood, 2004; Brindley, 2005) have discussed the issues and barriers faced by women-owned enterprises in the UK. No primary, hands-on academic research, however, has focused so far on the analysis of factors affecting and/or contributing to the growth of women-owned enterprises in the East of England. The main objective of this study is to contribute to this domain by conducting an in-depth analysis of the determinants of growth in established women-owned enterprises. This study seeks not only to identify the issues affecting the growth of women-owned enterprises, but also to endeavour to map out factors contributing to the survival and success of businesses owned by women in the region.

3. Theoretical framework
3.1 Growth process in enterprises
There is a general consensus that growth in enterprises is a complex process, where growth is neither linear nor dependent on a limited number of factors (Deakins, 1996). Smallbone et al. (1995) confirm the complexity of the growth process by identifying a
number of causal factors that can be triggers to growth. Churchill and Lewis (1983) have postulated that any small firm that experiences growth will go through a life cycle process of growth stages. This approach is analogous to lifecycle approaches to products, implying an early growth stage, following birth, then maturity and eventually decline and death. An implication of such an approach is that growth of small firms should be linked to the age of the firms. Other writers on small firms however have criticised such life cycle approaches as too simplistic and postulated that the growth process is far from cyclical, but instead may be interspersed with relative periods of stability (O'Farrell and Hitchins, 1988).

Similarly, in his review of a number of empirical studies examining characteristics related to growth, Storey (1994) finds no conclusive evidence that permits the development of a profile or model for the growth performance of small enterprises, although studies recognise the importance of the availability of some factors. These include financial, human, and social resources; technical and management skills that can adapt to and cope up with a changing environment, the potential to develop staff, creativity, and opportunity recognition as the key factors to determine the growth of enterprises. There remains an absence of a comprehensive theory to explain which small firms will, or how they grow (Bridge et al., 1998).

Relevant literature mainly describes factors thought to influence small business growth in two categories. The first comprises entrepreneurs’ characteristics such as behaviour, personality, attitude (Storey, 1994), their capabilities, including education and training that create higher expectations in some industry sectors (Henry et al., 2005), and their social capital which influences access to resources (Brush et al., 2004). Other entrepreneurial factors identified by Storey (1994) are previous management experience, family history, functional skills, and relevant business sector knowledge. None of these however have conclusively shown to constitute a universal success factor.

Empirical evidence also suggests that growth orientation does not automatically create actual business growth. A distinguishing characteristic of high growth businesses is the owner’s commitment to expansion. Gibb and Davies (1990) identified the “personality-dominated approach”, in which the entrepreneur is regarded as key to business development. A business set up to exploit an identified market opportunity would therefore be expected to have stronger growth orientation than one set up as a result of “push” factors such as a lack of alternative opportunities. The owner’s attitude to risk is another factor, which affects willingness to use external finance (Brindley, 2005). There is also the desire for managerial competency in relation to strategic management skills and personal autonomy, which affects the extent to which consultants and partners may become involved.

The second category of the factors influencing the business growth is the business itself in terms of its structure and goals, the performance of its management, and in particular their ability to make rational decisions about its operation (Bridge et al., 1998). Gibb and Davies (1990) identify the “organisational” approach to growth, emphasising a series of development life cycle stages related to Churchill’s model. Storey (1994) reviews areas where management strategy could influence the growth of a small firm once it was operational, and also reports that most UK research indicated younger firms growing faster than older ones. This appears to reflect Burns’ (2001) assertion that firms grow in their first few years and then stabilise. There are
exceptions however, with examples of mature businesses growing strongly and
discontinuity of small firm growth.

In addition to this, some studies have emphasised the effect of cultural, political, and
economic conditions of a country or region on the growth and development of
enterprises. Bridge et al. (1998, p. 110) have pointed out that “... the triggers for
enterprise are found along a continuum from inborn attributes of individuals to
complex interrelationships amongst often changing cultural, political and economic
conditions at national, regional and regional and local levels”, Smallbone and Wyer
(2000) also identify sectoral variations on small firm growth are common due to the
differences in market trends and competitive activities. Location is another factor.
Variation in size, scope and buoyancy of demand in local markets is likely to affect
growth opportunities. On the supply side, variation in the cost and availability of
labour, premises and services is also influential. Nevertheless, small businesses are
often adaptable, employing different strategies to deal with these local variables so that
their impact is minimised.

Whatever the size or stage of development, the environment of any organisation is
considerable and complex, consisting of all the influences that may affect its decisions
and performance (Grant, 1998). It can also be seen to comprise several layers. On the
outside is the macro environment as a whole. Next there is the industry sector, followed
by the market and competitor organisations, and finally the organisation itself
(Johnson and Scholes, 2002). Arguably, it is all of these elements and their
unpredictable nature that exert great force on the direction and pace of the growth of a
business, often due to a lack of entrepreneurs’ understanding, expertise and time.

3.2 Women-owned enterprises and growth

Business growth is an extremely important issue in the study of entrepreneurship.
Despite its significance, few studies had been conducted to consider the growth of
women-owned enterprises until the launch of Diana project begun in 1999 (Greene et al.,
2003). There was a lack of cumulative knowledge to adequately conceptualise and
build explanatory theories on the growth process of women-owned enterprises (Brush
et al., 2006, p. 4): “... notably absent was an understanding of factors affecting
growth”. Most of the work conducted considered women’s motivations to start a
business and the subsequent effect of those motivations on growth (Lerner et al., 1995;
Butttner and Moore, 1997), the effect of their location, urban or rural, on business
performance (Merrett and Gruidl, 2000), and the effect of the size and sector on
business development (Cliff, 1998; Du Reitz and Henrekson, 2000). A number of
scholars (Hisrich and Brush, 1984; Chell and Baines, 1988; Birley, 1989; Sexton and
Bowman-Upton, 1990; Rosa et al., 1996; Cliff, 1998; Boden and Nucci, 2000; Merrett and
Gruidl, 2000; Watson, 2002; Westhead, 2003) have conducted research on the
comparison of gender in terms of entrepreneurship.

Rosa et al. (1996) conducted one of the few large-scale studies to measure the
comparative performance of business by gender (Carter et al., 2001). They found
women-owned businesses to have lower sales turnover, fewer employees, serving
mostly local markets and women entrepreneurs being less ambitious to grow their
businesses and less optimistic than men about the success of their businesses in the
future. Another reason for the slow growth rate of women-owned businesses is that
women consider growth as a risk which may be financial or social and may come from
exogenous or endogenous sources, consequently they try to be more risk averse, more careful and conservative, purposely striving for a controlled and manageable rate of growth (Cliff, 1998). Women deliberately choose a slower pace and avoid expanding their businesses too quickly. Chung (1998) points out, however, that gender difference in attitudes to growth may have more to do with women not wishing to risk their home/work balance rather than an antagonism to growing the business.

Buttner and Moore (1997) and Lerner et al. (1995) highlighted women’s motivations to start their own businesses (self-fulfilment and personal goal attainment, etc.) as the prime reason for women’s low quantitative performance (such as jobs creation, sales turnover and profitability) when compared to men. On the other side, Carter and Allen (1997) found that access to financial resources and other financial aspects of business had stronger effects on business rather than choice or intention. Chell and Baines (1988), Boden and Nucci (2000) also argued that women’s lack of human, social and financial capital affects their businesses more as compared to their intentions to start businesses. Selection of strategies that focused on market expansion and new technologies, as well as willingness to incur greater opportunity costs for the superior performance of their firms were the key factors for the high growth of women-owned business as compared to low or no growth firms (Gundry and Welsch, 2001). They also pointed out adequate capitalisation, access to a wider range of financial resources, organised structure, quality control, and earlier planning as the differentiating factors for better performance and growth of the women-owned enterprises.

Under the Diana project, Brush et al. (2005) investigated the apparent disconnect between opportunities and resources in equity funding for high growth women-owned businesses. These studies highlighted the significant differences by gender, especially with regards to the growth process and tried to investigate that despite a rise in number of ventures created by women in the last two decades why women-owned businesses remained smaller (measured in terms of revenue generated or employees hired) than those of their male counterparts (Brush et al., 2006, p. 8). Their initial findings confirmed that “…women often lacked the economic power and the social and family support structure to grow their ventures”, and the lack of adequate childcare might have forced them to keep their businesses smaller and more manageable (Brush et al., 2004). They also found that one of the most important reasons of slower growth of women-owned businesses was that women encounter social structures in work, family and social life that influence development of human and social capital, different from their male counterparts. This lack of appropriate social capital to make meaningful exchanges within business networks limits their opportunities to raise growth capital and other resources crucial for the development and growth of businesses (Brush et al., 2005).

These studies have provided insights into the nature and characteristics of women-owned businesses. They have contrasted women’s motivations, aspirations, intentions and commitment to start business in comparison with men, pin-pointed women’s entrepreneurial potential and individual capabilities. These included education, training, prior experience and highlighted their choice of industry/sectors with low growth potential and discussed the subsequent effects of all these factors on firms’ growth. The most recent works by Brush et al. (2004, 2005) have also discussed how their endowment in human, financial and social capital limits their access and utilisation of resources needed for deliberate or ambitious growth resources. This
study evaluates two main questions from women entrepreneurs’ own point of view, focusing on the East of England. What are the hindrances in the growth of women-owned businesses and what are the factors contributing to their successful performance?

4. Methodology
In an attempt to answer these questions and, in effect, to determine the impact of women entrepreneurs’ individual capabilities including education, training, and prior experience on the growth and ultimate success of their businesses, an online questionnaire was designed using Snap™ survey software, with results exported to SPSS™ for analysis.

The research aimed to gather information both of a quantitative and qualitative nature, with a variety of scaled, open-ended, rank order, dichotomous, and multiple choice questions. The possible barriers and contributing factors to growth mentioned in the questionnaire were based on a number of studies (Buttner, 1993; Hitt et al., 2003; Bygrave and Zacharakis, 2004; Hisrich et al., 2005).

The web link of the online questionnaire was e-mailed to 150 women entrepreneurs based in the East of England who are members of the Centre for Women’s Enterprise at the University of Bedfordshire. A link to the web-based survey was also put on the “Enterprising-Women” web site (funded by the East of England Development Agency and the European Social Fund, this unique project is a consortium of seven organisations – including the University of Bedfordshire – to transform support for women in the East of England who are starting up a business and those seeking to grow an existing business). Approximately 300 registered members of the programme were informed through e-mail about the web link.

Initial data were collected through 108 online filled questionnaires followed by 15 telephone and 12 face-to-face in-depth interviews. Some of the advantages of adopting online questionnaire methodology included reduced costs, increased response rate as compared with a postal survey, shortened data collection-analysis-presentation cycles, and enhanced interactivity of research materials (Stanton and Rogelberg, 2001). Statistical analysis using SPSS was applied to analyse quantitative data gathered by 108 online responses.

In addition, qualitative data collected were inductively analysed and interpreted in response to open-ended questions. The main research questions to be tested were:

- What factors influence and contribute to the growth of women-owned enterprises?
- Do individual capabilities of entrepreneurs such as training, education, and prior experience in the same field have a significant effect on the growth of the business through the management strategies and business practices they choose to adopt?

The emphasis was on influences internal to the company in the explanation of small business growth, while controlling for the influence of external or environmental variables.
4.1 Limitations of the methodology

The geographic scope of this study was limited to the East of England region, comprising the six counties Norfolk, Suffolk, Essex, Cambridgeshire, Hertfordshire, and Bedfordshire. According to the GEM (Minniti et al., 2005), between 2002 and 2004 in this region the female total entrepreneurial activity (TEA) increased sharply from 1.4 per cent to 3.5 per cent. The rise in female entrepreneurial activity (start-up) in the recent years provided a reasonable base and a rationale for conducting this study in the East of England. The purpose of this research however, is simply to highlight results which seem to be indicative of obstacles, barriers, challenges and contributing factors to growth faced by women entrepreneurs operating in the region.

A variety of financial measures have been used in the literature to evaluate business growth, which included sales revenue (Rosa et al. 1996), the number of employees (Birley, 1989; Birley and Westhead, 1990), profit level (Edelman et al., 2005), and the number of customers (Baldwin et al., 1994). Analysing growth in this study only two of the criteria were adopted i.e. the annual sales turnover and the employment growth. A significant reason for this was due to the difficulty of obtaining sensitive information from entrepreneurs. Annual sales turnover and number of employees was considered to be the least problematic through a structured questionnaire (Rosa et al., 1996; Edelman et al. 2005), as these two aspects are recorded mostly for administrative and legal reasons (Barkham et al., 1996; Rosa et al., 1996; Freel and Robson, 2004). Otherwise, entrepreneurs feel reluctant to share information about their customers and profit figures (Birley and Westhead, 1990; Edelman et al., 2005). Moreover, because of the issues of budget and time constraints, proxy performance measures, (geographical range of markets, VAT registration), subjective measures (including the ability of the business to meet business and domestic needs) and entrepreneurial performance measures (the desire for growth, the ownership of multiple businesses), all of these were not considered as growth indicators for the scope of this study.

5. Results and analysis

5.1 Demographics

The sectoral distribution of the respondents confirmed the previous findings in the literature (Carter and Allen, 1997; Brush et al. 2004) that most of the women-owned enterprises operate in the highly competitive service sector. Almost 76 per cent of the respondents of this survey operate in the service sector followed by trading (15.9 per cent) and manufacturing (8.4 per cent). Although, only 75 per cent confirmed their status as owner and operating head, and almost one-quarter consider themselves as “owner only”, 98 per cent were responsible for making decisions regarding day-to-day affairs of their businesses in addition to making strategic decisions. This establishes a strong hold on the business, even when they do not run it themselves.

Only 7 per cent of businesses (in the survey) had been established for more than ten years. A large proportion (71 per cent) of the respondents established their businesses after 2001, which confirms the trend of rise in female TEA in the East of England (and overall in England as well) between 2002 and 2004 as validated by the GEM report (Minniti et al., 2005), and thereafter.

Table I compares the type of establishment of firms at the start up and at present. The results confirm previous findings in the literature (Rosa et al., 1996; Forsyth, 2000) that women are commonly self-employed in the service sector with a sole
proprietorship status. The status changes in some cases as they progress. Table I shows a 9 per cent decline in sole proprietorships and an 11 per cent rise in the number of private limited companies. As firms grow, entrepreneurs prefer to register as private limited companies (Brush et al., 2005) because this form of business ownership offers limited liability to its owners as compared to the sole proprietorship where the liability is unlimited.

Only two companies out of the sample (108) were able to progress to the public limited status. The figure is quite comparable to overall business status figures of the UK economy. Partnerships with non-family members remained unchanged; however, one of the reasons for a small decrease in number of partnerships with family members could be the change in spousal relationships. Two entities were registered as social enterprises and their status remained unchanged.

A total of 76 per cent respondents had gained work experience in the same sector in which they opened their business; 42 per cent had one year, 37 per cent had two to five years whereas 19 per cent had more than ten years work experience prior to embarking upon their own enterprises. Only 41 per cent had attained any formal business education or training before starting their businesses.

5.2 Motivations, aspirations, and intentions
Entrepreneurs’ motivations, intentions and aspirations play a crucial role in the performance of their businesses and women’s pursuit of different “intrinsic” goals as compared to men is a “...compelling argument for anticipating gender differences in growth intentions,” (Cliff, 1998, p. 528) (see also Cliff, 1998; Forsyth, 2000; Brush et al., 2005); Cliff (1998) investigated the “push” and “pull” factors of motivations for women entrepreneurs to start their businesses so that their perceptions about barriers, issues and contributing factors to growth can be analysed in the light of their motivations, aspirations and intentions (Deakins and Whittam, 2000; Timmons and Spinelli, 2003). The “push” or negative factors such as inflexible work schedule, “glass ceiling effect”, redundancy, and unemployment are reflective of the women’s family care role and force them to push their business idea (Carter and Cannon, 1988; Orhan and Scott, 2001; Alstete, 2002; McClelland et al., 2005). The “pull” or positive factors are associated with independence, social contribution of the business to society, self-fulfilment, social status and power, and being one’s own boss (Carter and Cannon, 1992; Alstete, 2002).

Table II shows the response of women entrepreneurs who participated in this study (on the scale of 1 to 5, 1 being not important and all and 5 being the most important). The two most important goals for the establishment of their businesses were to

<table>
<thead>
<tr>
<th>Types of establishment</th>
<th>% at start</th>
<th>% at present</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sole proprietorship/sole trading</td>
<td>64.81</td>
<td>56.48</td>
</tr>
<tr>
<td>Partnership with family member(s)</td>
<td>10.19</td>
<td>6.48</td>
</tr>
<tr>
<td>Partnership with non-family member(s)</td>
<td>4.63</td>
<td>4.63</td>
</tr>
<tr>
<td>Private limited company</td>
<td>18.52</td>
<td>28.70</td>
</tr>
<tr>
<td>Public limited company</td>
<td>–</td>
<td>1.85</td>
</tr>
<tr>
<td>Charity/non-profit organisation</td>
<td>1.85</td>
<td>1.85</td>
</tr>
<tr>
<td>Other</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

Note: Base = 108
generate enough income to support themselves and their families, and the objective of achieving enough balance between work, family responsibilities and other interests. The same factors played a crucial role in the process of growth either by creating hindrances in the case of family commitments and child care and housework responsibilities or by contributing in case of family and or partner’s physical and moral support.

Building a successful enterprise was the third priority (with mean 3.9444) but the same should not be mixed with the intention of steady growth and generating employment (mean 3.219), because the entrepreneurship literature (Still and Timms, 2000; Mitra, 2002; McClelland et al., 2005) confirms that women entrepreneurs may perceive “success” differently than their male counterparts.

Most of the respondents preferred “provision of a valuable service to community” (mean 3.7315) as compared to steady growth and generating employment (mean 3.219) and creation of wealth (mean 3.3208). This is in line with the findings (Still and Timms, 2000; Orhan and Scott, 2001) that women start their businesses with a motive to “make a difference” to the society while generating some economic gains.

5.3 Factors constraining the growth process
One of the key objectives of this study was to investigate the issues facing women entrepreneurs during the growth process in the region of this study. The overall results were not much different from previous international research studies (Hirsch and Brush, 1984; Neider, 1987; Brush, 1992; Oeltjen, 1992; Buttnor, 1993; Hitt et al., 2003; Brush et al., 2004; Bygrave and Zacharakis, 2004).

Access to finance/capital for expansion is considered to be one of the most crucial factors hindering the growth of women-owned enterprises as perceived by the respondents of this study. Extant research has provided unequivocal evidence that women-owned businesses start with lower levels of overall capitalisation (Carter and Rosa, 1998), lower ratios of debt finance (Haines et al., 1999) and much less likelihood of using private equity or venture capital (Greene et al., 1999; Brush et al., 2004).

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Mode</th>
<th>Standard deviation</th>
<th>Standard error of the mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>To generate enough income to support myself and/or my family</td>
<td>3.9626</td>
<td>5</td>
<td>1.1432</td>
<td>0.1105</td>
</tr>
<tr>
<td>To provide a valuable service</td>
<td>3.7315</td>
<td>5</td>
<td>1.1189</td>
<td>0.1077</td>
</tr>
<tr>
<td>To build a successful enterprise</td>
<td>3.9444</td>
<td>5</td>
<td>1.0168</td>
<td>0.0978</td>
</tr>
<tr>
<td>To be earning but with enough flexibility to allow balance between work, family responsibilities and other interests</td>
<td>3.9626</td>
<td>4</td>
<td>1.004</td>
<td>0.0971</td>
</tr>
<tr>
<td>To grow steadily and employ others</td>
<td>3.219</td>
<td>4</td>
<td>1.1211</td>
<td>0.1094</td>
</tr>
<tr>
<td>To create an enterprise that could later be sold to create wealth for myself and other shareholders/owners</td>
<td>3.3208</td>
<td>5</td>
<td>1.5874</td>
<td>0.1542</td>
</tr>
<tr>
<td>To carry on my family’s legacy of business ownership</td>
<td>1.375</td>
<td>1</td>
<td>0.89</td>
<td>0.0873</td>
</tr>
</tbody>
</table>

Note: Base=108
Moreover, not all of them are lucky enough to have access to capital for growth when needed due to both internal and external conditionalities (Greene et al., 2003), including level of demand and the intensity of competition (McGee, 1992; McKay, 2001; McClelland et al., 2005).

The respondents of this study not only pointed out the non-availability and/or difficulty in accessing capital for growth when needed as one of the prime issues, but also mentioned that they experienced negative attitudes from the lending agencies. This was in addition to strict or unfavourable conditions for getting finance. Various studies have highlighted the causes of this problem being sexual stereotyping and discrimination (Hisrich and Brush, 1984), lack of personal assets to show as collateral and credit track record (Riding and Swift, 1990), and women’s inability to penetrate informal financial networks (Olm et al., 1988; Aldrich, 1989; Brush et al., 2004, 2005).

Lack of information on business development was ranked second in the list of issues (Table III). Some of the respondents mentioned quite a number of business support programme offered by different agencies in the start-up phase but pointed out that there were very few support programmes or support services for growth-oriented women-owned enterprises. Once women establish their businesses and start to grow, they are left on their own to compete fielding in an environment which is not quite a “level playing field” in view of their limitations of growth capital (Brush et al., 2004) with disadvantages rooted in lack of experience and business training (Nelson, 1987) required to grow their business.

Shortage of skilled labour was ranked the third most important issue faced by all the respondents. It was considered, however, to be the top barrier by women working in the manufacturing sector. Some of the entrepreneurs are, with innovative ideas and proper business plans, able to access capital for growth through banks or business angels but face a shortage of skilled, dedicated workers at a reasonable, competitive salary (McClelland et al., 2005). These entrepreneurs experienced a high turnover of skilled staff (trained most of the times at company’s expenses and find better jobs at higher salaries and perks) and higher costs for trained and technically equipped staff. In addition to the rise of energy and raw material costs, raising the cost of manufacturing, this resulted in making these female-owned enterprises uncompetitive in a highly competitive business environment.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Standard deviation</th>
<th>Standard error of the mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-availability of/difficult access to finance</td>
<td>3.2667</td>
<td>1.3541</td>
<td>0.1321</td>
</tr>
<tr>
<td>Lack of information on business development</td>
<td>3.0769</td>
<td>1.1904</td>
<td>0.1167</td>
</tr>
<tr>
<td>Shortage of skilled labour</td>
<td>3.0392</td>
<td>1.6504</td>
<td>0.1634</td>
</tr>
<tr>
<td>Lack of networking abilities</td>
<td>2.7757</td>
<td>1.1864</td>
<td>0.1147</td>
</tr>
<tr>
<td>Lack of business training opportunities</td>
<td>2.7019</td>
<td>1.0731</td>
<td>0.1052</td>
</tr>
<tr>
<td>Lack of business support services</td>
<td>2.5865</td>
<td>1.0885</td>
<td>0.1067</td>
</tr>
<tr>
<td>Location of the business</td>
<td>2.5048</td>
<td>1.2583</td>
<td>0.1228</td>
</tr>
<tr>
<td>High turnover of staff</td>
<td>2.3786</td>
<td>1.2931</td>
<td>0.1274</td>
</tr>
<tr>
<td>Parking for customers</td>
<td>2.3238</td>
<td>1.4507</td>
<td>0.1416</td>
</tr>
<tr>
<td>Childcare responsibilities</td>
<td>2.3030</td>
<td>1.4031</td>
<td>0.141</td>
</tr>
</tbody>
</table>

**Note:** Top ten issues and barriers as perceived by women entrepreneurs; base = 108

**Table III.** Issues and barriers faced by women entrepreneurs in the growth process.
Entrepreneurs require information, capital, skills, and labour to establish and develop their businesses. While they hold some of these resources themselves, they often complement their resources by accessing their contacts. Many studies (Lechner and Dowling, 2003; Brush et al., 2004) confirm that firms grow through the use of their contacts and external relations to become competitive. In this study, women considered their lack of abilities to convert network opportunities into potential business opportunities as one of the crucial barriers despite the fact that there is a plethora of networking organisations for female entrepreneurs in the region.

Recent research by Park and Bae (2004) confirmed “management ability” can be one of the most influential factors in the successful growth of new ventures. The same can be achieved either through experience or training conducted both on-the-job and off-the-job (in conventional/class room structure). Lack of access to training and advisory services is cited often to explain under-performance of women entrepreneurs (Brush and Hisrich, 1999; Brown et al., 2001). Lack of business management training facilities was also pointed out as a major barrier in growth as perceived by the respondents of this research study. One of the reasons for this could be that a majority of the respondents had not been formally trained in the skills needed to operate an enterprise professionally in a successful manner as only 41 per cent had attained any formal business education or training before starting their businesses.

Chell (1999) has revealed the psychological influence of the location of the business on the type and number of customers and how it affects and/or contributes to the business performance. The same has been confirmed by this research as most of the entrepreneurs working in the service sector mentioned location of the business (mean = 3.12, t = −2.14, df = 51, p < 0.05) and parking problems (mean = 2.79, t = −1.19, df = 56, p < 0.05) as considerable issues in the growth of their businesses as compared to the overall sample (mean = 2.5048 and 2.3238 respectively).

Another important hurdle in the growth of enterprises disclosed by the participants of this study was their family responsibilities. Apart from mentioning childcare (mean = 2.3030) and other care responsibilities (mean = 2.2892) quantitatively, in the qualitative data respondents quoted that their growth strategies were constrained by family obligations, housework, childcare responsibilities as a single mother, and limited ability to travel because of family commitments.

In addition to the factors mentioned above, discouragement from family and friends on risk taking, lack of proper marketing and effective selling skills, intense competition in a small market, absence of strategic planning, dearth of relevant business advice, and difficulties in dealing with disability and illness were mentioned as constraints in achieving the desired growth level.

5.4 Factors contributing to achieving growth

Women entrepreneurs were asked to rank 22 proposed factors contributing to growth of their businesses on the scale of 1 to 5 (1 being not important at all and 5 being the most important). Most of the proposed contributing factors were identified from a range of studies (Zapalska, 1997; Hitt et al., 2003; Bygrave and Zacharakis, 2004; Hisrich et al., 2005). The results were tabulated based on total count of 108 and the mean and standard deviation for all the factors were calculated and ranked as shown in Table IV.
High quality of products and/or services was termed as the most important contributing factor (mean = 4.5283) to the growth of enterprises. Entrepreneurs operating in the manufacturing sector rated it even higher (mean = 4.6921). The result confirmed the findings by Maysami and Goby (1999) who concluded in their study of women entrepreneurs in Singapore that high quality services and products create loyalty in customers and generate repeat sales adding to revenue and profit. Brush et al. (2004) have also found it as the most significant factor to be considered by women entrepreneurs in the USA, who opted for deliberate (incremental and organic) growth strategy. The finding also confirms that in this era of competitiveness and innovation only those firms that concentrate on quality and value addition survive and excel (Burns, 2001).

Financial and human resources are considered to be the engine of growth for any enterprise (Brush et al., 2005). Accessing and utilising these resources is one of the foremost priorities of all entrepreneurs. Many research studies (Greene et al., 2003; Brush et al., 2004, 2005) have demonstrated that networks and network contacts play an important role in the establishment, development and growth of enterprises as they help in accessing resources. The respondents of this study positioned effective networking as one of the most important contributing factors to their business growth not only quantitatively (mean = 4.1776), but in description as well. Literature shows women entrepreneurs possess different network structures, for example, less outreaching and more homogeneous networks and a different networking behaviour which is more focussed on emotional support than strategic networking when compared to men. Therefore, according to Welter (2006, p. 142), these “… networks apparently assist women entrepreneurs in growing their enterprises in as far as they provide information, emotional assistance and role models”. Whether these networks also facilitate access to financial and human resources in the absence of norms, institutions and trust is a significant issue as yet to be developed (Kovalainen and Arenius, 2006).

Marketing plays a crucial role in the start-up phase of any enterprise as it attracts customers towards products and services. The respondents of this study rated
appropriate marketing as a very important (mean = 3.9717) factor for growth as well. One of the respondents in her descriptive response described penetrating marketing strategy as the main reason that her business excelled in only two years.

Life cycles of products and technologies are becoming shorter everyday. This means that every product sooner or later will become obsolete and succumb to a successor, an innovation. Customers’ demands and expectations are a driving force behind innovation and in order to fill this demand, companies must provide a continuous stream of new and improved products, processes and services (Janszen, 2000). The need to improve is in fact universal, irrespective of company and gender of the owner and the same is evident in the result of this research study. Development of new products and/or services was termed as another very important factor (mean = 3.9528) contributing to the growth of women-owned enterprises in the East of England, providing a source of value. According to Burns (2001), aptitude for innovation and improvement is nothing less than direct reflection of the organisation’s ability to change, adapt to new and competent competitors, and skilfully sit its products and services to the ever-evolving needs of customers. The innovative organisation frequently survives, continues, and succeeds (Zimmerer and Scarborough, 2004). Women entrepreneurs have realised the fact and consider the use of an effective web site as another very important factor (mean = 3.8936) contributing to the growth of their enterprises.

The literature supports the fact that better entrepreneurial performance depends on creating awareness, providing motivational factors and building self-confidence in addition to acquiring management skills for tackling problems and calculating risks in running day-to-day business operations and development (Allen and Truman, 1993). Research suggests that these skills can be developed in human beings by imparting training and providing on-the-job assistance (Carter et al., 2001; Orser and Riding, 2003) that result in the successful performance of enterprises (Kitching, 1998; Kerr and McDougall, 1999). Although Patton et al. (2000) argue that the evidence in the literature is inconsistent, confirming a strong relationship between training and growth of enterprise (Westhead and Storey, 1997; Jones, 2004), the respondents of this study placed access to business training as another important factor (mean = 3.6898). Furthermore, the 26 per cent of the total who attended business training during the last two years ranked it even higher (mean = 4.1762).

Easy accessibility to finance (mean = 3.6729), reliable after sales service (mean = 3.4412) and dedicated workforce (mean = 3.3398) were the next important factors in the ranking. In their descriptive responses, some respondents highlighted availability of finance through partnership, access to business angels, financial planning, knowledge of law, and a long-term strategic approach as important factors to achieve growth. Choosing an appropriate location that best serves the needs of the business target market with adequate parking facilities was also considered important (mean = 3.21 and 2.9223 respectively), in addition to smooth supply and distribution channels (mean = 2.9327).

In the qualitative data, a maximum number of respondents described spouse and family support as the key factor in the success of enterprises and main motivating force to drive entrepreneurs to work with more dedication and devotion. A few respondents mentioned government agencies’ support, keeping costs down, the entrepreneur’s own determination, self-motivation, tenacity, honesty, hard work, and fighting spirit against all odds as other contributing factors.
6. Conclusion
A general conclusion that emerges from this research study is that women-owned enterprises in the East of England are these enterprises tend to be smaller in employee count and revenues and most of them are concentrated in the services sector of the economy. Statistically, the differences in means suggest that women rank access to capital for expansion as the most important constraint in their growth, confirming the findings of many previous studies (Brush and Hisrich, 1999; Greene et al., 2003; Brush et al., 2004; Kovalainen and Arenius, 2006). In addition, lack of information on business development, shortage of skilled labour, lack of effective networking abilities, lack of business training opportunities, child care responsibilities, and their family commitments were also indicated as significant hurdles in the growth and development of their businesses. A closer look at the results reveals that external factors relating to environment-development – lack of business support services, local government’s attitude and shortage of skilled labour – also rank as very important constraints. This is in contrast to previous studies such as (Heilbrunn, 2004), which concentrate mainly on internal factors.

This study also endeavoured to discover entrepreneurs’ perceptions about the contributing factors to growth. High quality of products and/or services, effective networking and appropriate marketing were considered to be the most important contributing factors followed by development of new products and services. This depicts the importance of innovation in their successful performance. An effective website, appropriate business training, easy accessibility to finance, reliable after-sales service and appropriate location with ample parking were some of the other important aspects responsible for growth as perceived by women entrepreneurs themselves.

Although only 41 per cent of the respondents had attained business training at the time of start-up, most of them considered appropriate business training to be a very important contributing factor to growth. Other research (Chandler and Hanks, 1994; Sirmon and Hitt, 2003) also confirms that most female-owned businesses show slow or no growth due to lack of business and managerial skills. This raises a need for design and delivery of specific business and technical training programmes by national and regional institutions responsible for fostering the growth of women-owned businesses.

Effective networking was named as one of the most important contributing factors to growth not only in quantitative terms, but also in qualitative responses. While, considering the importance of the use of networks, consideration should be given to literature findings (Cooper et al., 1994; Lerner et al., 1997; Robson and Bennett, 2000) which show no or limited association between formal networking and female-owned firm’s growth. Here we find a positive relationship between informal networks (especially networking with family and friends) and the growth of women-owned enterprises. While using the networking as an important tool for enterprise growth, the cost in terms of entrepreneurs’ time and effort to develop and maintain networks is considerable which can affect the performance negatively.

The controversial finding that “family” was cited by some respondents as one of the largest obstacles to growth, but by others as one of the most important contributors is an interesting dichotomy. Family constitutes a barrier when women cannot give proper time and attention to the business and/or cannot travel because of family commitments and childcare responsibilities. A positive attitude from family and spouse however, as well as their physical and emotional support, seems to assist in achieving successful performance and results.
References


Hitt, M.A., Ireland, R.D. and Hoskisson, R.E. (2003), Strategic Management: Competitiveness and Globalization, Thomson/ South-Western, Mason, OH.


### About the authors

Muhammad Azam Roomi is a Senior Lecturer and the Director of Research at the University of Bedfordshire’s Centre for Women’s Enterprise. His research interests include the growth and performance of SMEs, role of social capital and human capital in enterprise development, women’s entrepreneurship in the UK as well as Islamic and Asian countries. Muhammad Azam Roomi is the corresponding author and can be contacted at: Muhammad.roomi@beds.ac.uk

Pegram Harrison is a Fellow in Entrepreneurship at the Said Business School in the University of Oxford, and the Director of the London Business School’s Emerging Leaders Programme. His research interests are in social entrepreneurship and regional development.

John Beaumont-Kerridge is the Director for Marketing and Communications for the University of Bedfordshire Business School; he also teaches marketing and e-business related subjects. His research interests include internet communication and e-learning.