

Theory, Practice and Policy: An Integrated View on Gender, Networks and Social Capital

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ABSTRACT

A social capital perspective is presented in this paper which helps depict the unique challenges faced by women entrepreneurs. The findings suggest that the barriers facing women's entrepreneurship may not be just economic, they are likely to also be societal. It is therefore essential for policy makers to appreciate the interaction among business owners, policy and social structures. This paper seeks to contribute to both theory and practice of the gender-network-finance nexus and its interplay with public policy, which should be of value to several parties. Firstly, it helps women business owners to better understand the challenges they face and most importantly, the source of these. Furthermore, it may help them to understand their own role in enacting these challenges. Secondly, for policy makers, this study provides insight into the interrelationship and implications between social structure and public policy which are crucial in enhancing the effectiveness and efficiency of public policy. Thirdly, the theoretical and methodological framework developed for this study helps lay a foundation for further research in understanding women's entrepreneurship.

Keywords: Women Entrepreneurship, Social Capital, Gender, Network, Public Policy

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INTRODUCTION

Female entrepreneurship is widely recognised for its important contribution to the economy. Unequivocal evidence suggests that access to finance is crucial to the short and long term performance of women-owned business (Carter & Rosa, 1998). Research also suggests that networks constitute an important type of social capital relevant to entrepreneurs and the financing of their ventures (Brush et al., 2002). By discussing the gender differences found across the networks of sixty business owners this paper seeks to develop understanding of the gender-network-finance nexus and its interplay with public policy.

Despite numerous initiatives to assist women starting in business in the UK, the female share of self-employment has, for the past two decades, remained stable at around 26 percent (Small Business Service, 2003). Finance has long been recognised as presenting a barrier to women business owners and may provide one explanation for this. Extant research has frequently reported differences in the financing patterns of businesses owned by men and women (Brush, 1992; Coleman, 2000; Brush et al, 2001) and 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., 2001). Explanations for this bi-modal funding pattern are however far from satisfactory. Particular to debt finance, conflicting evidence has emerged as to whether or not women business owners face gender-specific problems in accessing business overdrafts and bank loans. Differences in methodological approach, sampling procedures and county context have all been attributed as contributing to a conflicting base of evidence regarding the relationship between finance and women-owned businesses (Mahot, 1997; Haines et al, 1999). Understanding of finance, business ownership and gender has also been restricted by weak theoretical development and, where robust theories have been used, poor application of these (Mirchandani, 1999).

What is agreed upon is that acquiring business finance is a complex process influenced by a range of economic and social variables many of which are not easily identified and are often misunderstood (Goffee and Scase, 1985; Carter and Cannon, 1992). Drawing upon the theoretical perspectives of Bourdieu (1977; 1990) and network theory (Mitchell, 1969; Granovetter, 1973; 1982; 1985), this paper seeks to gain further insights into the apparently complex relationship between finance, business ownership and gender by exploring what impact, if any, the social capital of business owners may have on the initial financing of their businesses. Following this introduction, research regarding business ownership, finance and gender is considered in more detail before discussing the theoretical framework used to inform this study. The methodology is then described before presenting and discussing the findings and drawing conclusions and recommendations in the final section.

BUSINESS OWNERSHIP, FINANCE AND GENDER

The relevance of women as a largely untapped pool of entrepreneurial talent has been widely recognised by economic development agencies in most western economies (OECD, 1998, 2003). In the UK, numerous policy measures have sought to increase participation rates of women in self-employment and business ownership (Small Business Service, 2003). However, recent statistics suggest that the popular perception that increasing numbers of women have ventured into business ownership may be a myth. Between 1992 and 2004, while the UK witnessed a 6.5 percent increase in the number of self-employed women, the female *share* of self-employment (26.6 percent) and the proportion of economically active women in self-employment (7 percent) remained static (DTI, 2004). The proportion of women-owned businesses (15 percent) is even lower (Small Business Service, 2003). Such modest attainment contrasts with the growth in women's enterprise recorded in other countries, particularly the USA where women-owned firms now account for 28 percent of all businesses (National Women's Business Council, 2004).

Research has identified gender-based differences in patterns of finance usage, with women-owned firms using less external finance in the form of both bank debt and private equity (Greene et al, 1999; Brush et al, 2001). Particular to *debt* finance, there is unequivocal evidence that women-owned businesses start both with lower levels of overall capitalisation and lower ratios of debt finance (Hisrich and Brush, 1984, 1985; Brush, 1992; Carter and Rosa, 1998; Coleman, 2000). While the causes of this are uncertain, such a bimodal funding pattern cannot be explained by the proliferation of women-owned businesses in low entry threshold sectors such as services. Studies comparing male-owned and female-owned businesses, in which sector and location have been controlled, have still found significant residual differences, with women using on average one third of the start-up capital used by men (Rosa et al., 1994, 1996; Carter and Rosa, 1998). Various studies have attributed the causes as being sexual stereotyping and discrimination (Hisrich and Brush, 1984; Buttner and Rosen, 1988), women's lack of personal assets and credit track record (Riding and Swift, 1990), and women's inability to penetrate informal financial networks (Olm et al., 1988; Aldrich, 1989; Greene et al, 1999). Other studies, however, have failed to confirm these propositions (Buttner and Rosen, 1989; Chrisman et al., 1990; Riding and Swift, 1990; Haines et al., 1999; Haynes and Haynes, 1999).

A number of studies have specifically considered the impact that the gender of business owners may have on bank lending decisions. Of the work in this area, few researchers have found any direct evidence of gender discrimination

(Buttner and Rosen (1989: 256). Similarly, Fay and Williams's (1993) method of presenting bank loan officers with an identical loan application from male and female applicants found education to be a more significant differentiating factor than gender. Both these studies and those of Orser and Foster (1994), Mahot (1997) and Coleman (2000) suggest that while gender *per se* may not influence bank lending decisions, lending criteria including preferred size of business and education, experience, capital, collateral, character and capacity of the business owner may serve to disadvantage women business owners. Buttner and Rosen (1988: 249), also agree that gender differences in patterns of finance might arise from the perceptions that individual loan officers have of successful entrepreneurs as these tend to be "more commonly ascribed to men than women." This thinking may account for Fraser's (2005) recent findings which, while categorically denying that gender affects bank lending decisions, also revealed that women are typically charged one percent higher rates on term loans.

Many studies have attributed gender-based differences in finance usage to the structural dissimilarities between male and female-owned businesses (Read, 1998). In a large scale survey analysing bank loan files, Haines et al (1999) found initial differences between male and female entrepreneurs (lower sales levels and liabilities, lower levels of salary and drawings), to be a product of business size, age and sector. Fabowale et al (1995), similarly, argued that structural factors accounted for differences in rates of loan rejections between male and female entrepreneurs. In another study of bank lending, McKechnie et al (1998) found few substantial differences once structural factors had been taken into account, but a greater dissatisfaction among women entrepreneurs with regard to their treatment by bank lenders. Evidence from other studies has been less conclusive. A survey of 2000 Dutch entrepreneurs (Verheul and Thurik, 2000) found that most differences in the use of starting capital by male and female entrepreneurs were explained by 'indirect' effects (size, age, sector); however, some 'direct' gender effects survived.

While the weight of research evidence refutes systematic gender discrimination on the part of banks, it unequivocally demonstrates a bimodal funding pattern which can be somewhat, but not entirely explained by structural dissimilarities between male and female-owned businesses. Extant research suggests that the relationship between business ownership, finance and gender may be more complex than perhaps initially thought. Critically, despite a significant amount of research attention – more than 30 years - the question of why access to and use of external finance continues to pose such challenges for women business owners remains unresolved.

A number of methodological and theoretical explanations have been attributed as limiting our understanding of the business ownership, finance and gender nexus (Mahot, 1997; Haines et al, 1999). One is that researchers face methodological difficulties in providing clear and undeniable evidence (Brush, 1992, 1997; Mahot, 1997). Another is that a failure to duplicate studies has restricted the development of a body of comparable empirical evidence. Also restricting our understanding are weak theoretical developments and poor application and operationalisation of established theory and concepts (Marlow and Patton, 2005).

Cognisant of these limitations and recognising that business ownership and the creation of new ventures is predicated on the availability of resources including finance *and* human and social capital, this study sought to contribute to continuing debate by exploring the relationship between social capital, business ownership, finance and gender. To ensure the theoretical validity of such a study, the work of Bourdieu (1977; 1990) and Mitchell (1969) were used to inform the concept of social capital and guide the operationalisation of network concepts.

SOCIAL AND HUMAN CAPITAL

Recent research has acknowledged the impact which the entrepreneur's non-financial capital can have on their ability to raise finance for their business. Boden and Nucci (2000) draw attention to differences in the amount and quality of human capital of new entrepreneurs and argue that women's fewer years of general work experience, reduced exposure to managerial occupations and different educational profiles may provide some explanation of the bimodal funding pattern of male and female-owned businesses. Similarly, in their study of business ownership, equity financing and gender, Carter et al (2003) examined the influence of social and human capital on entrepreneurs' likely access to various forms of finance, using Becker's (1964) definition of human capital to measure the education, industry, management and start-up experience of entrepreneurs. To measure social capital, they drew upon Coleman (1988) who defines social capital as "emerging from the norms, networks and relationships of the social structure in which an individual lives" (p. 6). Specifically, they identified the entrepreneur's social network as an important source of social capital and sought to establish the influence of social capital on entrepreneurs' access to venture capital. Their study found that only human capital, in particular only graduate education, had any significant influence on entrepreneurs' likely access to finance.

In contrast, Davidsson and Honig's (2003) study of nascent entrepreneurship, which also used Becker's (1964) definition of human capital, found that while formal education and previous start-up experience were useful in predicting whom, among a cross-section of the general population will attempt to engage in nascent entrepreneurial activities, human capital contributes little to predicting successful completion of the start-up phase. They found that measures of social capital, including strength of tie and inclusion of bridging relationships were strong and consistent predictors for

progressing the start-up process towards successful completion. In a similar study Renzulli et al. (2000) investigated the composition and heterogeneity of the networks of nascent entrepreneurs to explore the association between these and men and women's likelihood of starting a business. Their study found that a high proportion of kinship ties and homogeneity of networks were more disadvantageous to nascent entrepreneurs than either being female or having a high proportion of females in their network. In another study, Brush et al (2002) highlight the relevance of social capital in formulating venture capital 'deals'. Like Davidsson and Honig (2003), they identify social rather than human capital as significant arguing that even when the entrepreneur and their team has the necessary financial and human capital and have goals which meet the requirements of equity investors, if they do not have the necessary social capital, measured by relevant network connections, the deal is unlikely to progress.

This review has established that social and human capital are relevant concepts which may help uncover the complex business ownership, finance and gender nexus. However, applied to the field of entrepreneurship, studies of business owners' non-financial capital are at an early stage. Extant research has generated mixed results regarding the impact which social and human capital may have on business owners' access to and acquisition of finance. On balance however, the weight of evidence seems to suggest that other than the educational experiences of business owners, measures of social rather than human capital may have greater impact on business owners' access to finance. Accepting this, the review also revealed that when applied to studies of business ownership and finance, social capital is largely regarded as comprising of the business owners' network of contacts and the access to people and resources, including finance and possible sources of finance, to which this provides them. In the following section we propose the work of Bourdieu (1977; 1990) and Mitchell (1969) as strong theoretical perspectives which frame and inform this study of social capital, business ownership and finance.

SOCIAL CAPITAL AND BUSINESS OWNER NETWORKS

Bourdieu's (1977) reflexive social theory provides a useful theoretical position in which to frame our study. His perspective on gender symbolism and his bridging of the structure-agency divide offer the potential for fresh insights that avoid the "limitations of mechanical structuralism [and] teleological individualism, which a monocausal reading of each pole in the structure-agency dichotomy respectively produces" (Gorton, 2000, p.280). Bourdieu's work has become increasingly influential in informing social science research (Robbins, 1991; Adler and Seok-Woo, 2002) and Gorton (2000) provides a convincing and detailed account of the value which his work may have for the field of small business.

Bourdieu regards the social world as comprising of objective structures, for example resources and different types of capital, and subjective structures created by the mental (subconscious) systems of classification which individuals use as symbolic templates for engaging in and interpreting practical activities (Bourdieu and Wacquant, 1992). He argues that social phenomena, for example business ownership, emerge from the interplay between these structures. He conceives of a complex interplay between human interactions and these objective and subjective structures, suggesting that such structures are malleable as they are socially constructed by the outcomes of interactions between individual agents. As a consequence of this process, he suggests that such structures can influence and constrain both which agents are involved in future interactions and, to some extent, the future outcomes of these interactions.

Bourdieu's perspective on structuralism is particularly helpful. He argues that the structures created by such human interactions reflect tacitly taken-for-granted assumptions which underpin society's 'natural' attitude toward gender differences. Importantly, Bourdieu argues that these assumptions create attitudes which connote women with negative qualities (for example weakness) and men with positive (for example strength). As a consequence, emerging social structures are hierarchical and benefit men while disadvantaging women. Bourdieu (1977) adopts a process perspective and encourages an examination of the interplay between structures (objective and symbolic), interactions between individual actors and individual positions within these structures. His suggestion that individual positions within emerging social structures are determined by both the amount and type of capital which they possess and by interpretations of the value placed upon such capital help understand the relationship between business ownership, finance and gender. Bourdieu (1977:178) defines capital as "all the goods, material and symbolic, without distinction, that present themselves as rare and worthy of being sought after in a particular social formation". Specifically, Bourdieu identifies four types of capital: economic, cultural or informational, social and symbolic. Of these, he argues that social and symbolic capital are strongly correlated: while social capital is comprised of the resources based on connections and group membership, symbolic capital is the form which different types of capital take once they are perceived and recognized as legitimate.

Central to the theory of social structure is the notion of institutionalisation and sensemaking, which help to explain the interplay between individuals and their social context. Institutionalisation is defined by Scott as: "the processes by which action becomes repeated over time and are assigned similar meanings by self and others" (Scott, 1987 p.54). Other scholars emphasise the 'take-for-granted' aspects of institutionalisation (Meyer & Rowan, 1977; Zucker, 1977). For example, Zucker (1977) argues that institutionalised acts "must be perceived as both objective and exterior" because of the taken-for-granted meaning of an act (p.496). Meyer and Rowan (1977) echo Zucker's argument, and

argue that “institutionalisation involves the processes by which social processes, obligations, or actualities come to take on a rule like status in social thought and action.” Scott (1987) concludes that “the common feature in all of these definitions is that institutionalisation is viewed as the social process by which individuals come to accept a shared definition of social reality – a conception whose validity is seen as independent of the actor’s own views or actions but is taken for granted as defining the “way things are” and/or the “way things are to be done”(p.496).

Weick (1995) has linked sensemaking and institutionalisation: “It is this institutionalising of social constructions into the way things are done, and the transmission of these products, that links ideas about sensemaking with those of institutional theory. Sensemaking is the feedstock for institutionalisation”(p.36). Institutionalisation influences how individuals make sense of and enact their environment and, at the same time, people’s ongoing sensemaking process gives rise to institutionalisation through shared meanings, repeated, collective action over time. Institutionalisation, therefore, is not confined to aligned meanings, what is emphasised is the shared experience and repeated, collective actions among group members (Weick, 1995), which lead to shared understanding and recognisable patterns of repeated action. Taking this forward, gender as a social structure is an institutionalised meaning and is taken for granted for all members of the society. This then forms the individuals’ prior knowledge to make sense of and enact their social context in their ongoing social interaction.

Bourdieu and Weick’s work help to conceptualise gender as a social structure in which entrepreneurship is deeply embedded. Ogbor (2000) argues that there is a societal discourse associated with the term entrepreneur which evokes positive images associated the heroic, white, male Western figure symbolising aggressiveness and assertiveness in seeking out new ventures and which is mythicised and reified to encourage the reproduction of ethnocentric, discriminatory, and gender biased assumptions of entrepreneurship. In other words, as meanings of entrepreneurship and entrepreneurs are institutionalised in the historically male dominated context, gender difference are likely to be interpreted and enacted in ways which benefit men and disadvantage women.

Applied to studies of business ownership and finance, a number of important implications must be emphasized. First, within the field of entrepreneurship, certain types of capital with institutionalised positive meanings might be more sought after than others. Second, the various types and amounts of capital possessed by male and female business owners may be valued differently by providers of finance. Significantly, given the ‘natural’ attitude towards gender differences and the assumptions underpinning these, it may be that the capital which women bring to business ownership does not realise the same value as men or is regarded as less legitimate.

Bourdieu reminds us it is virtually impossible to detect and address the social practices where the different types of capital have on individual structural positions perpetuate a hierarchical structure which benefits men and disadvantages women. Bourdieu’s social theory provides a strong theoretical perspective from which to understand the complexities involved in the process of accessing and acquiring business finance. In common with other definitions of social capital which have been used within the domain of entrepreneurship research (Lin et al., 1981; Nahapiet and Ghosal, 1988; Portes, 1988), Bourdieu regards social networks as constituting a significant component of an agent’s social capital. There are several reasons for this. Importantly networks provide both direct access to actual and potential resources including finance and information about potential sources of finance as well as access to third parties and their resources. It has also be recognised that in certain industry sectors, including creative and professional business services, networks and contacts provide an indication of an entrepreneur’s standing and reputation (Silversides, 2001).

As discussed, recent research has measured various dimensions of nascent and trading business owner networks to establish the impact which social capital has on the likelihood that they will proceed to successfully start-up their business (Davidsson and Honig, 2003) and on their ability to access and acquire finance for their business (Brush et al., 2002). Such research is at an early stage and this combined with disagreement over how to precisely define and measure social capital (Hospers and van Lochem, 2002) prompted us to draw upon the work of Mitchell (1969) and social network theory to guide our operationalization of business owner networks. Mitchell regards social networks as possessing structural and interactional dimensions. He argues that these dimensions interact to shape and determine both the structure of the environment within which entrepreneurs and their ventures are embedded (Grabher, 1993) and the resources and contacts to which they have direct and, through brokers and bridging relationships, indirect access (Burt, 1992). Specifically, Mitchell argued that the structure of an individual’s social network can be analysed by considering density or connectedness, reachability, and heterogeneity of actors within their network. To gain an understanding of the interactional dimensions of social networks, Mitchell identified five relevant dimensions along which relationships can be analysed: content(s); intensity; frequency of interaction; durability and direction of power. Mitchell’s work fits comfortably with our conceptual framework and provides a useful analytical framework for our study.

Applied to entrepreneurship, the structural dimensions of owner-manager networks have been analysed to a significantly greater extent. In particular, the density and heterogeneity of networks have received much attention. Drawing upon the work of Granovetter (1973), entrepreneurship researchers have argued that the ‘ideal’ network position for an entrepreneur is to be centrally positioned within a loosely-knit network comprised of a broad range of network actors (Aldrich, 1987; Granovetter, 1992). Where interactional dimensions have been considered, content, frequency and durability have been investigated (Aldrich and Zimmer, 1986; Aldrich, 1987; Aldrich et al., 1989; Aldrich

and Reese, 1993; Birley, 1985; Birley et al., 1989). Such studies have confirmed that networks can provide entrepreneurs with access to a wide range of potential resources but conclude that significant gaps continue to exist in our knowledge and understanding about the impact which networks have on the process of entrepreneurship. Of relevance to our study, previous research seems to suggest that women face network-based disadvantages which can present particular challenges, including access to capital, when establishing and growing their businesses (Aldrich, 1989; Moore, 1990; Brush, 1992; Liao and Stevens, 1994; Moore and Buttner, 1997; Weiler and Bernasek, 2001). Adopting a social constructionist view, this is perhaps not surprising – the ‘ideal’ network and network position is inevitably gender-biased (Brass, 1985; Ibarra, 1993). It is therefore difficult, if not impossible for women entrepreneurs to put themselves in the same ‘ideal’ network position because of the differences in human, social and symbolic capital they possess.

Despite the very strong theoretical case that can be made with regard to the relationship between social capital, networks and the acquisition of finance, very few studies have explored this empirically (Brush et al., 2002; Carter et al., 2003). This paper aims to contribute to this growing debate by investigating the role of social capital in the acquisition of bank finance by a sample of male and female business owners in the UK.

METHODOLOGY AND ANALYSIS

The theoretical framework discussed has argued for a new way for understanding gender in the field of entrepreneurship. While gender as a social structure is not a new concept, few studies have demonstrated coherent arguments in their methodology and analysis. One common weakness is the ‘disappearing’ of social structure – studies tend to present gender differences and follow this with suggestions for how to ‘control’ or ‘eliminate’ gender differences. This is incoherent with the view that gender is socially constructed; continuously shaped, reshaped and institutionalised in the social context. In other words, gender differences are both cause and effect of social structures therefore, attempts to ‘control’ or even to ‘eliminate’ these differences is contradictory to the ontological and epistemological assumptions of social theory and risks heading towards conforming to a gender-biased social structure. By so doing, this could restrict our understanding of women’s entrepreneurship and risk excluding and undermining the value of their activities. The task of this study, therefore is to uncover and question gender differences in order to present the virtually invisible socially constructed reality of women’s entrepreneurship. The rationale being that this knowledge is essential to understanding the implications which gender differences have for government policies and other relevant parties. The findings presented below are drawn from a wider study investigating the relationship between banks and business owners that explores both demand and supply-side perspectives. The methodology designed for this larger study involved multiple stages and the negotiation of access to business owners and bank loan officers. The methodology presented here is particular only to the collection of data from business owners.

DATA COLLECTION

A two-stage methodology was used, entailing firstly, a telephone survey and secondly, in-depth interviews with a sample of 30 matched pairs of business owners (30 male, 30 female) who had started a creative industries firm in Central Scotland within the previous three years. A matched pairs approach was identified as relevant for the analysis of gender and finance, as factors cited as influencing negative loan decisions might simply be a function of structural dissimilarities including sector and business track record (Read, 1998). Basic characteristics including age of firm, location and sector were used to guide the selection of a sample of 30 matched pairs of business owners. Creative firms were chosen for a number of reasons. According to Scottish Enterprise (2004), up to 6.7 percent of Scotland’s employment is within, or related to the creative industries, a higher proportion than any region in the UK, outside London and the South East. Approximately 100,000 people work in the creative industries in Scotland, generating £5 billion and contributing 4 percent to Scottish GDP. Given the concentration of women establishing businesses in service sector industries (Marlow, 1997; Carter and Anderson, 2001), we also expected that by concentrating our study on creative industries we would increase the likelihood of accessing equal numbers of men and women business owners.

The purpose of the first stage of data collection was to collect in-depth data regarding business owners’ resource acquisition and their relative access to and use of different kinds of capital. The telephone survey was also used to collect background information regarding various measures of business owners’ human capital including their age, education and experience as well as data regarding the performance of their firms in terms of number of employees and turnover. The purpose of the second stage was to acquire detailed information regarding the social capital of business owners, measured by data relating to a variety of dimensions of their personal contact network including: size, diversity, durability, density, contents, intensity and frequency. In developing the questionnaire for use at both stages questions and scales used in previous network studies were incorporated. In particular, the work of Aldrich (1989), Aldrich et al. (1989), Cromie and Birley (1992) and Renzulli et al. (2000) were used to inform the questions and scales we employed.

Sample

To ensure controlled experimentation, the sample consisted of equal numbers of male and female business owners. For cost and convenience all business owners were drawn from Central Scotland. As we were interested in understanding the financing of start-up companies, respondents had to have established their firm within the past three years of the start of the study. The Yellow Pages have been found to give the most readily available lists of businesses and the highest coverage, while minimising the main problems (omissions, clusters, foreign elements and duplicate listings) associated with other business sampling frames. Given the relatively low numbers of women in business, initial sample assembly concentrated on building the female sample of firms (advertising agencies, marketing and advertising consultants, public relations etc). Male businesses, being more prevalent, were then sought to individually match each of the female businesses.

Data Analysis

The two-stage process of data collection dictated that data collected during stage one were analysed before proceeding to stage two. Telephone survey data were analysed using SPSS. Data collected during face-to-face interviews were analysed in two ways. SPSS was used to statistically analyse numerical data regarding various network dimensions including size, diversity, durability, density, contents, intensity and frequency. Analysis of qualitative data regarding these and other network dimensions was guided by the process of inductive analysis (Glaser and Strauss 1967; Lofland 1971; Eisenhardt, 1989; Strauss and Corbin 1990; Marshall and Rossman 1995; Easterby-Smith et al. 2002; Goulding 2002). Data were organised and structured around common themes which emerged and were compared across sources to search for similarities and differences. Interpretation of emerging findings was guided by our theoretical framework and also by the findings of previous research, made possible by our use of questions and scales used in previous network studies. The findings presented below refer to the univariate analysis which has so far been undertaken. The findings of multivariate and inductive analysis will be presented in future papers.

FINDINGS AND DISCUSSION

The analysis of data collected during stage one provided a demographic profile of business owners, an overview of the relative performance of their businesses and an indication of their initial amounts and sources of start-up capital. This profile also gives some indication of the human capital possessed by business owners in our sample. Chi-square tests were undertaken in order to reveal whether gender can be identified as a differentiating factor.

SAMPLE PROFILE

Of the 60 participants surveyed, 90 percent were aged between 30 and 59, with most aged between 30 and 39. Chi-square analysis revealed that female owners were significantly younger ($\chi^2=13.789$, $df=4$, $p<0.001$) with 67 percent of female owners and only 20 percent of male owners being under the age of 39. While only 10 percent of women owners were older than 50, the majority of male owners (47 percent) were. These findings are consistent with previous research which has established that women business owners tend to create businesses at a younger age than men (Birley et al., 1989; Shim and Eastlick, 1998; Carter and Anderson, 2001). The older age profile of the male business owners suggests that they may have had greater experience of the industry. If so, this has implications for the type and amount of social capital they possessed: they may have had more time and experience to develop different types of network contacts. Education and experience have been identified as important measures of human capital (Becker, 1964; Cooper et al., 1988; 1994; Carter et al., 1997; Boden and Nucci, 2000). Our results indicate a highly educated profile of business owners with a majority of respondents (38 percent) holding a post-graduate degree, 32 percent an undergraduate degree and 22 percent a professional qualification. Consistent with extant research, no significant gender differences were found with respect to level of education of owners (Scherer et al., 1990; Brush, 1992; Fischer et al., 1993). Similarly, with regard to owners' work experience immediately prior to setting up their firm, the majority (70 percent) stated that they had been in full time employment. Most (75 percent) had no previous experience of owning a business and while not statistically significant, a higher portion of men (33 percent) compared with only 10 percent of women reported that they had previous experience of business ownership. When asked why they had set up their business in this sector the majority of male and female owners identified past work experience as important. Previous research has identified industry, management and start-up experience as dimensions of experience which are particularly relevant for entrepreneurs (Cooper et al., 1988; 1994; Carter et al., 1997). Our results suggest a similar profile of experience across our matched pairs of business owners. However, as male owners were on average 10 years older than their female partners, this suggests that the men in our sample had considerably more industry experience and as a consequence were likely to have more management experience. This suggestion fits with previous research which has found women to have fewer years of industry experience (Carter et al., 1997) and less senior management experience (Watkins and Watkins, 1984; Stevenson, 1986).

BUSINESS PERFORMANCE

Number of employees and sales turnover has been identified as indicators of firm performance (Rosa et al., 1996; Carter and Allan, 1997; Fasci and Valdez, 1998; Shim and Eastlick, 1998; Brush et al., 2001; Parker, 2004). Chi-square analysis of our data found gender to be a statistically significant differentiating factor in this respect. Despite having established their firms within the same time period, male owners were more than twice as likely to employ additional staff. In total, 33 percent of male owners but only 17 percent of female owners employed additional staff ($\chi^2=15.781$, $df=5$, $p<0.01$). Statistically significant gender differences were also found in levels of sales turnover. The majority of women (60 percent), but only 23 percent of men, reported a sales turnover of less than £25,000. In contrast, 27 percent of men and no women, reported a sales turnover in excess of £100,000 ($\chi^2=15.769$, $df=5$, $p<0.01$). Given that structural dissimilarities (sector, age of business, location) were controlled for within this sample, this suggests that the superior performance of male-owned businesses must be explained in other ways.

The demographic profile shows several gender differences consistently supported by previous studies. Women business owners tend to be younger, with less work experience and operate in smaller businesses established with lower amounts of start up capital and generating lower turnovers. Such consistent gender differences indicate a different group of business owners. Closer investigation of business owners' responses helps support this view. In the interview we asked owners to rate their personal goals. Significant gender differences were identified in two out of seven personal goals with female business owners rating, 'personal achievement, challenging yourself and, personal vision' higher (mean=1.73) than their male counterparts (mean=2.43, $t=-2.14$, $df=58$, $p<0.05$). On the contrary, male business owners rated 'building great wealth, financial security' higher (mean=4.00) than their female counterparts (mean=4.93, $t=2.02$, $df=55$, $p<0.05$).

Another significant gender difference was found in owners' personal situation at the time of being interviewed: 37 percent of female owners are married, compared to 100 percent of the male owners ($\chi^2=16.868$, $df=5$, $p=0.005$). While no gender difference was identified in the number of dependent children a significant gender difference was identified in terms of business owners' childcare responsibilities ($\chi^2=13.945$, $df=3$, $p<0.01$). Within the group of business owners' with dependent children, none of the male business owners, in comparison to 68 percent of the female business owners, were responsible for childcare in their family. On the contrary, 89 percent of male owners relied on their partner for childcare responsibilities, compared with only 16 percent of the female owners. These findings support previous studies which suggest that women are primarily responsible for childcare and domestic activities (SBS, 2005).

Start-up Capital and External Sources of Finance

As the creative industries sector is characterized by low entry barriers, it was unsurprising to find that many owners had established their firms with relatively small amounts of capital: 62 percent reported using less than £5000 of start up capital, 18 percent reported that they had set up without any initial capital and a further 8 percent that they had invested less than £1000. While not statistically significant, in common with previous studies (Rosa et al., 1994; 1996; Carter and Rosa, 1998), male owners were found to be more likely to start with higher levels of investment (mean=£18683.33) than female owners (mean=£6433.33). Analysis of sources of start-up capital revealed some note-worthy findings. Male owners were more likely to have made larger personal investment in their businesses (mean=£9603.45), as compared to women business owners (mean=£4733.33). Interestingly, it was found that 43 percent of women but only 14 percent of men had started their business with external sources of finance. Closer analysis of these figures revealed however that the sums contributed to women-owned businesses by external sources were very small. The majority of women reported using less than £500 of external funding (mean=£1109.16), while all of the men using external funding reported figures in excess of this amount (mean=£1448.28). Only a small number of owners (13 percent women, 10 percent men) reported that they had borrowed money from banks as start up capital. A similar pattern of financing was again found with the total amount loaned by banks to men being in excess of the total figure for women.

The patterns of financing found by this study are typical for service sectors, which are characterized as requiring very low levels of initial investment and exhibiting low barriers to entry. In common with previous studies (Carter and Rosa, 1998; Greene et al., 1999; Verheul and Thurik, 2000; Brush et al., 2001), our findings suggest men both invested more capital at start-up and made use of a greater total amount of external start-up finance even though proportionately fewer men used external finance. Findings about initial capitalisation may go some way toward explaining why male-owned businesses in our sample performed better than female-owned enterprises. However, considered against the body of evidence reviewed, these findings explain little of why within a matched-pairs sample, even once structural dissimilarities are accounted for, bi-modal patterns are found for start-up finance and business performance. As no significant differences were found in terms of educational experience, unlike the findings of Fay and Williams (1993), Boden and Nucci (2000) and Carter et al. (2003), this measure of human capital provides little explanation. Similarly, the finding that in the year prior to establishment, both the men and the women in our sample reported broadly similar levels of household income (£56900 men, £58803 women) takes us little further. Notably, integrating the demographic profile and start-up capital helped to illustrate a different context in which the women business owners are embedded. The business owners' differences in age, work experience, personal goal, domestic responsibility, start-up capital, business performance help to indicate an emerging picture – the impact of social structure on women entrepreneurs. As discussed, as meanings of entrepreneurship and entrepreneurs are institutionalised in the historically male dominated

context, gender difference are likely to be interpreted and enacted in such a way which benefits man and disadvantages women. In other words, the gender difference is likely to affect women business owners' symbolic capital and in turn, their social capital. To acquire more detailed insight into the impact which gender as a social structure may have had upon the bi-model patterns described, data relating to the networking patterns and activities of our matched sample of owners are now considered.

NETWORKING FINDINGS

Interim analysis of networking data suggests that while the networks of our matched pairs sample of business owners shared some structural similarities, some differences were found across the range of network variables studied.

Size and Composition

All owners were able to name the five people with whom they regularly spoke about their business. This measure of network size has been used in a number of different studies with Renzulli et al. (2000) most recently referring to this as the owners' 'business discussion network'. In common with other studies, we found no gender differences in the size of owners' discussion network. A closer analysis of the range or composition of these networks generated a number of insights. Analysis of the gender of the five people found that both male and female owners were more likely to speak about their business with male contacts. An aggregate analysis of owners' discussion networks established that for women, 53 percent of this network was comprised of men while for men the figure stood at 63 percent. Analysis of cross-ties by gender found a significant difference with both male and female owners being more likely to identify their prime contact (the first contact they mentioned) as a man. This finding is supported by Cromie and Birley's (1992) previous study. Aggregate analysis of the composition of owner networks by kinship found modest but no significant differences in the proportion of kinship ties contained within owners' discussion networks: women identified 27 percent and men 24 percent of their ties as being family members. However analysis of kinship by each of the five contacts mentioned found statistically significant gender differences with 76 percent of women and only 27 percent of men ($\chi^2=9.643$, $df=1$, $p<0.01$) identifying a family member as their prime contact. Drawing from Renzulli et al.'s (2000) finding that networks comprised of high proportions of kinship ties disadvantage nascent entrepreneurs, it is possible that women in our sample may too have experienced disadvantages as a consequence of the modestly higher presence of kinship ties in their networks.

Analysis of the age profile of business discussion networks found that the age profile of male owners' contacts tended to be older than that of female owner contacts, but this was not statistically significant. Similarly, aggregate analysis of the length of time each contact had been known to owners (a measure of durability) found significant differences with male owners knowing their contacts for an average of 12.69 years and women owners, 9.68 years. Given the statistically significant differences found across the age profile of our sample, these results might be expected. Moreover, these findings fit with the results of previous research which also found the network contacts of male owners tend to be older and to have been known for longer than those of female owners (Cromie and Birley, 1992). From a social capital perspective, it might be argued that as the durability of male owner's networks was significantly higher than that of women, male owners may have greater network advantages including more trusting relationships and greater reciprocity which impact positively on their business. However, as more women than men identify a family member as their prime contact, this could suggest that for women the relationship with their prime contact is strong and multiplex (Granovetter, 1973).

Contents

Network research has been criticized for concentrating on structural network dimensions and the argument that to understand the relationship between networks and business performance, it is necessary to identify the contents of network exchanges and interactions is well rehearsed (Carsrud et al., 1987; Blackburn et al., 1990; Curran et al., 1993; Curran and Blackburn, 1994; Renzulli et al., 2000; Fletcher, 2002; Hoang and Antoncic, 2003; Coviello, 2005). For this reason we asked our sample to identify the content of their conversations with each of the five members of their discussion network. Chi-square tests revealed that women were significantly more likely than men to discuss finance ($\chi^2=5.455$, $df=1$, $p<0.05$), family ($\chi^2=5.711$, $df=1$, $p<0.017$) and marketing ($\chi^2=9.643$, $df=1$, $p<0.01$) with their prime contact. From the range of options given (finance, legal issues, staffing matters, loans/investments, premises, marketing, family) no other statistically significant differences were found. Remembering that for a significant number of women, their prime contact is also a family member, it might be expected that women owners would be more likely to speak with them about family and possibly financial matters.

Brokers and Bridges

Brokers and bridging relationships have been identified as the unique feature of network theory (Mitchell, 1969; Burt, 1992). Davidsson and Honig (2003) found the existence of bridging relationships to be an important indicator in predicting the likelihood of nascent entrepreneurs progressing to successful business start-up. Given this, we asked our sample a number of questions relating to both how they had met the five people contained within their discussion

network and also the extent to which these contacts provided any brokerage services. The results revealed that for both women (54 percent) and men (58 percent) a 'business association' had provided the mechanism for meeting members of their discussion networks. When asked to describe the networks of each of the five contacts in their discussion networks as either small or large, a statistically significant difference was found in the way in which men and women perceived these secondary networks with 73 percent of our female owners and 62 percent of our male owners describing the aggregate networks of their contacts as large.

Strength and Density

Network strength has received significant research attention. It has been consistently argued that the ideal position for an entrepreneur is to be centrally embedded within a network of weak contacts (Aldrich, 1987; Granovetter, 1992). Most recently Davidsson and Honig (2003) found strength of network tie to be a strong and consistent predictor for nascent entrepreneurs progressing successfully to business start-up. We explored the strength of owners' network ties in a number of different ways. Using a five-point Likert-type scale, statistically significant gender differences were found in response to whether business owners would discuss personal matters with their discussion network with more women than men stating that they would be more likely to do so (*women mean=3.73, men mean=3.00, t=3.882, p<0.001*). Again, as women were more likely to identify a family member as their prime contact this is not altogether surprising. However as no significant gender differences in the proportion of kinship ties were found at the aggregate level, this suggests that the female business owners in our sample were more likely to talk about family with both family and non-family contacts. This finding supports the results of Aldrich et al. (1989) who established that while the networks of male and female owners were similar in several respects, women's networks tended to be organized around spheres of work, family and social life. We also asked, '*How would you describe your relationship with each of these 5 people?*' giving responses ranging from 'very good friend' to 'somewhat friendly' to 'only a business associate'. For the prime contact, significant differences were found with 67 percent of women and only 27 percent of men revealing this contact as a 'family member or domestic partner'. As no other significant differences emerged either at the level of each contact or at the aggregate level, this finding adds further weight to the suggestion that more women than men identified a family relationship, most likely with their domestic partner, as their prime contact.

Related to both brokers and strength, the density or connectedness of an entrepreneur's network has been identified as having an important influence on the performance of their business. For each contact, owners were asked, '*To what extent do each of these people also know one another?*' Aggregate analysis of responses to the options available (knows all others well, knows all others slightly, knows some, not all others, doesn't know others, don't know) found a statistically significant difference which suggests that the discussion networks in which male respondents were embedded were more dense or more tightly connected than those of female respondents. Drawing upon Granovetter's (1973, 1982, 1985, 1992) work in this area, this actually suggests that because the women owners were found to have more loosely connected networks it would be expected that these networks would be more advantageous to them. Given that more female than male owners described the secondary networks of their five main contacts as large, this further suggests that women business owners seem to be more 'ideally' embedded within larger secondary networks. However, when using a five-point Likert-type scale (1: not at all; 5: a great deal) to ask, '*To what extent do you ever have problems meeting other business people outside of your personal contact network?*', both male (2.27) and female (2.10) owners were found to be reasonably confident in their abilities to meet people outside of their immediate network.

Considered alongside the measures of performance discussed above, these findings appear contradictory. They seem to suggest that even though women perceived themselves to be embedded within larger networks comprised of less durable relationships, female-owned firms performed less well (in terms of numbers employed and sales turnover) than those of their male counterparts. Some explanation for this might be provided by measures of network durability which seem to suggest that the male owners in our sample had known their contacts for significantly longer. A second explanation may be that the female owners in our sample had more and stronger kinship ties in their networks. Renzulli et al's (2000) work helps explain this further. They found that when considering network composition, the presence of large numbers of kinship ties is disadvantageous to nascent entrepreneurs.

Networking Activity

Networking activity, measured by frequency of interaction, has been explored in previous network studies of entrepreneurship with mixed results (Aldrich et al., 1998; Johannisson, 1988; Cromie and Birley, 1992). When asked how often they communicated with their discussion network, no significant gender differences were found with the exception of their prime contact (women - 3.73 hours/month; men - 3.27 hours/month). The overall profile suggested by comparing aggregate levels of networking across all contacts suggests that on average, female levels of networking were slightly higher (women 3.15 hours/month, men 3.07 hours/month). A similar but statistically significant pattern was found when asked '*During the period between deciding to establish your business until trading commenced, what proportion of your time did you spend on the following activities?*' Analysis of responses to the range of options given (researching the market, preparing a business plan, networking, acquiring more skills, acquiring finance, acquiring clients, acquiring other resources, other activities) found one statistically significant difference with women spending more time networking than men. Likewise when asked from a list of options to identify which professional and trade

associations they were members of, significantly more women than men were found to be members of both mixed sex business clubs (women 67 percent, men 30 percent) and other networking organizations (women 57 percent, men 30 percent). Aggregate analysis of membership of professional and trade association found that women were significantly more likely to join such bodies. Interestingly when asked to identify sources which had helped their business, from the number of options offered (including a variety of business associations and clubs, previous customers, friends/family, bank, lawyer, accountant and others sources) only one statistically significant gender difference was found: despite their higher levels of networking activity and membership of a variety of professional and trade associations, women were significantly more likely to identify friends and family as having helped their business.

Findings relating to networking activity suggest a number of interesting observations. Importantly, despite the time the women business owners invested in networking, their businesses were still “underperforming” relative to their matched male partners. Despite many studies making a direct link between levels of networking activity and business survival and performance, our evidence suggests otherwise. As women owner’s’ relatively higher levels of networking activities were not matched by higher levels of company performance this raises questions as to why they joined so many networking clubs and societies. While previous studies have found no statistical differences in the networking activities of male and female owners (Aldrich et al., 1989; Johannisson, 1988; Cromie and Birley, 1992) they have established that men display a greater propensity to network (measured by their membership of social and professional clubs and societies). Our study did not find this. An alternative view of social capital may help to shed new light in understanding this interesting phenomenon. First, the government policy on women entrepreneurship, finance and network is presented to enrich the context of our discussion.

GOVERNMENT POLICY AND SOCIAL CAPITAL

The UK government’s strategic framework for women entrepreneurship was by the Small Business Service (SBS) in 2002. The SBS has repositioned itself towards a more strategic role seeking to influence government and the other enterprise stakeholders in terms of directing and managing research and policy development rather than remaining directly involved in the delivery of such programmes (SBS, 2004). The Strategic Framework for Women’s Enterprise (2003), which was developed within the context of the SBS policy framework, was launched by SBS, with assistance from Prowess. Prowess is the UK association of organizations and individuals that support women to start and grow businesses, through the development of business support infrastructure and enterprise culture. The Framework outlined the key barriers for women entrepreneurs including the access to and the supply of finance; and access to suitable advice and support due to limited access to formal and informal business networks (SBS, 2003). In addition to the short to medium term objectives, which emphasized customer-focused services and the engagement of business support networks, the Framework stressed the longer term aim of encouraging cultural and social attitudes towards women’s enterprise. According to the SBS (2003:p. 3), this means ‘challenging existing thinking about “women in business” in both the public and private sectors and also re-examining how we promote enterprise to women – particularly young women – through the media, schools and higher education, and within local communities’.

Central to the SBS’s action plan is access to finance, networks and networking. Suggested activities for improved access to finance include improved information and marketing of business finance options, development of lending schemes such as micro credit group lending and proactive venture capital and angel investment initiatives targeted at women. Another focus is on networks and networking which link to business support provision in areas including finance, advice, training and/or mentoring programmes. Key activities involve creating networks of local and regional businesswomen’s groups, partnerships with existing networks and establishing new women’s networks where needed.

The SBS’s strategic framework is supported by an action plan and is implemented by major delivery organizations including in England, Business Link and Prowess. The SBS partners similar organisations throughout the rest of UK. For example, in Scotland, its local delivery partners include Business Gateway (which is in partnership with Scottish Enterprise) and Highlands and Islands Enterprise (coverings the Scottish Highlands). The Women’s Strategic Framework is also UK wide, it’s Scottish supporting organisation is Association of Scottish Businesswomen (ASB) and Women into the Network (WIN) (SBS, 2003). In response to the government’s action plan, the number of networking organizations and events has increased significantly in the last few years.

The evidence presented in this paper appears to be in line with government’s objectives for women’s entrepreneurship. Women business owners appear to be more active in networking by joining more networking organisations and spending more time networking. Despite these efforts their business performance does not seem to be supported by their networking activities. The theory of social capital is particularly useful here. As discussed, social capital is comprised of the resources based on interaction with social networks, in other words, networking is crucial in acquiring social capital. It must be emphasized that networking is an interactive, reciprocal process, as such the effectiveness and efficiency of networking is inter-subjectively influenced by who the ‘networkers’ are; what the networks are and how the networking activities take place. In the case of our women business owners, despite the fact that they are more ‘active’ in networking, the effectiveness and efficiency of their networking is likely to be hindered by the kind of networks in which they engage and notably, the ‘social capital’ of their networks. A further investigation of women’s business

clubs illustrates this. Almost all the business clubs or networks that mentioned above are either implicitly or explicitly restricted to women. As discussed, entrepreneurship is, historically and institutionally, a male dominated arena, it is therefore reasonable to infer that business networks and resourceful networkers are likely to be male dominated (Brass, 1985; Ibarra, 1993). Therefore to exclude men from their networking events, women business owners risk isolated themselves from resourceful networkers and thus access to useful networks. This is especially important for access to finance as there is ample evidence that bank lending is historically a male dominated industry (Murphy, 1995)

In the SBS's Strategic Framework for Women Enterprise (2003:39), one expected outcome is 'partnerships with existing networks (eg Chambers of Commerce) resulting in joint events and reciprocal membership where appropriate'(p.39). This seems to suggest that government has the vision of integrating women entrepreneurs into the pool of mainstream networks. However, the measurement criteria stated in the Framework do not support this – emphasis is put on the number of networks created; number of women joining networks or participating in events; and development of regional networks. There is no mention of integration with mainstream networks. Evidence from our study suggests that the government's objective of increasing women's entrepreneurs networking activities has been met. However, the ultimate goal of enhancing the business performance of women-owned firms remains an issue. Our findings suggest that women entrepreneurs appear to be networking in the 'wrong' networks' – networks with limited social capital.

CONCLUSIONS AND RECOMMENDATIONS

This study was designed to explore the effect of social capital on the ability to access bank finance. Distinctive differences were found in the financing of male- and female-owned businesses. Female business owners were more likely to start in business with lower amounts of start up capital and lower levels of personal investment in their business. While more women than men used external bank finance, the total amount borrowed was significantly smaller than male bank borrowings. These findings are similar to those found in many previous analyses of gender and business ownership. Even controlling for structural dissimilarities such as industry sector, business age and location, this small survey revealed distinct gender-based differences. These are most apparent with regard to capitalization, social capital measured by various network dimensions, human capital measured by age and industry experience of owner, and performance indicators such as employment and sales turnover. The conceptual framework developed in this paper helps present an alternative view of gender. The demographic profile of owners and examination of the start-up capital used by a matched sample illustrate the different context in which women business owners are embedded. Gender differences in age, work experience, personal goals, domestic responsibilities, amounts and types of start-up capital and business performance suggest that for many women business owners the context within which the establish and seek to grow their businesses differs greatly from that of their male counterparts and suggests that the socially constructed nature of gender poses significant challenges to women's enterprise.

Meanings of entrepreneurship and entrepreneurs are institutionalised in a historically male dominated context, gender differences are likely to be interpreted and enacted in ways which benefits men and disadvantages women. The problem therefore is not the existence of gender differences, but the lack of an appreciation of the differing contribution of women entrepreneurs. To achieve this, it is essential to acknowledge that gender is a consequence of institutionalized social structure which influences the perceptions, attitudes and behaviours of all members of society, including women entrepreneurs. For example, attempts to remove barriers such as childcare and domestic responsibilities should recognise that such duties are institutionalised and taken for granted by members of the society. In other words, it may be that women entrepreneurs take these responsibilities for granted and even that they may not wish to be separated from what they understand to be their 'natural' responsibilities. The barriers facing women's entrepreneurship may not be just economic, they are likely to also be societal. It is therefore essential for policy makers to appreciate the interaction among business owners, policy and social structures.

The second part of our analysis focused on the social capital of business owners. Despite emphasis within much of the research literature on the broad benefits that can be gained by weak-tie networks, the results of this study question this view. The women in this study appear to be embedded within loosely connected networks, a position considered to be ideal within much of the research literature. Despite this, not only were women-owned businesses started with significantly less capital, their businesses featured lower employment and sales turnover. A further investigation of women entrepreneurs' networks helps shed new light on this paradox. Evidence from our study shows that women entrepreneurs tend to join business clubs or networking events that are restricted to women. As such, they have excluded mainstream, typically male-dominated networks. Given women's difficulty in accessing such networks (Brass, 1985; Ibarra, 1993), it is perhaps not surprising that the women entrepreneurs in our sample sought to find an alternative way of tackling this barrier. However, the creation and joining of women-only business clubs may not be an effective alternative. From a social capital perspective, the effectiveness and efficiency of networking is inter-subjectively influenced by who the 'networkers' are, what the networks are and how the networking activities take place. In the case of our women business owners, despite the fact that they are more 'active' in networking, the effectiveness and efficiency of their networking is likely to be hindered by the types of networks in which they engage and notably by the 'social capital' of their social networks. Despite the government's vision of integrating women entrepreneurs into mainstream networks, the lack of a coherent action plan and inclusion of criteria to evaluate this seems to have

encouraged a focus on the quantity of networks and networking activities, while ignoring the 'quality' of such networks. It is suggested that government should place emphasis more on engaging women business owners in mainstream business networks, rather than encouraging them to 'create their own networks'.

Contribution to knowledge, limitations and future research

A major contribution of this study is the theoretical development in advancing understanding of women entrepreneurship. Drawing upon Bourdieu's (1977, 1990) social theory and network theory (Mitchell 1969, Granovetter 1973), a social capital perspective is presented which helps depict the unique challenges faced by women entrepreneurs. In particular, this study advances understanding of the gender-network-finance nexus and its interplay with public policy, which should be of value to several parties. Firstly, it helps women business owners to better understand the challenges they face and most importantly, the source of these. Furthermore, it may help them to understand their own role in enacting these challenges. Secondly, for policy makers, this study provides insight into the interrelationship and implications between social structure and public policy which are crucial in enhancing the effectiveness and efficiency of public policy. Thirdly, the theoretical and methodological framework developed for this study helps lay a foundation for further research in understanding women's entrepreneurship.

Despite the richness of the data that collected, a limitation of this study is that it has employed a relatively sample size and limited industry and geographic coverage. With the benefit of hindsight we realised that we should have controlled for age of business owner. Future research should try to increase the sample size in order to enhance the representative of a range of businesses, and control for age of the business owner. Furthermore, it is expected that cross national comparative studies have the potential to yield insightful findings to contribute to this growing knowledge and interest in the women entrepreneurship.

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