

# Not as different as you'd think

An empirical study on SMEs in East Africa with a gender perspective

## Abstract

Africa, Entrepreneurship and Gender all make interesting subjects for academic research individually but more importantly when investigated collectively. Entrepreneurship in Africa is fuelled by rapid development and offers plenty of undiscovered areas such as the effect of gender for conducting business. This paper examines the growth intention, success definition and motivation of owners and founders of small and medium-sized businesses in East Africa. The focus lies on determining whether and which differences between female and male entrepreneurs exist within this context. It aims at contributing to existing research about entrepreneurship in developing countries as well as to the field of gender studies within a business environment. The study applies a mixed-method approach, combining self-completion questionnaires and semi-structured interviews to answer the research questions. Data was collected by the authors in Nairobi, Kenya and Dar es Salaam, Tanzania during a four week period. The findings of this study suggest that although gender-specific differences can be discovered within certain areas, the subject and the people investigated are too complex to explain the variation in the results solely based on gender.

**KEYWORDS:** Entrepreneurship, SME, East Africa, Gender

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For guidance and support as a supervisor

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# ABBREVIATIONS

AfDB	African Development Bank
EAC	East African Community
FDI	Foreign Direct Investment
GES	Global Entrepreneurship Summit
ICT	Information and Communication Technology
IFC	International Finance Corporation
KNBS	Kenya National Bureau of Statistics
KSh	Kenyan Shilling
MSME	micro, small and medium-sized enterprise
OECD	Organization of Economic Cooperation and Development
SDT	Self-Determination Theory
SME	Small and medium-sized enterprise
SSA	Sub-Saharan Africa
TSh	Tanzanian Shilling
UN	United Nations
UNDP	United Nations Development Programme
USD	United States Dollar

# GLOSSARY

## East Africa

The countries included in East Africa for this paper follow the list of the United Nations Statistics Division available at <https://unstats.un.org/unsd/methodology/m49/>

## Entrepreneur

The term entrepreneur is used interchangeably with terms such as business owner or business leader and simply refers to a person operating their own business with the intention to grow.

## Gender

Defined as male or female. No difference is made between sex and gender within the context of this study.

## SME

A company that has either between 5 and 100 employees or sales of between \$5,000 and \$8,000,000.

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# 1. INTRODUCTION

*The following pages give information on the background of the topic, list the purpose and the research question that were developed as well as the contribution that this piece of work is expected to have. A short introduction into this study is given as well as an outline of the additional sections of the thesis.*

## 1.1 BACKGROUND

Entrepreneurship has been the focus of academic research across a number of disciplines including economics, management theory and psychology, focusing on its effect on the economy, the organization itself or the characteristics of the entrepreneur among many others. For a long time, studies conducted on entrepreneurship have focused on developed countries with the current research body on entrepreneurship in developing nations being fairly small. Within this area, many researchers focus on the phenomenon of micro-financing and micro-enterprises following the impact that Muhammad Yusuf's Grameen Bank had on his community (Jain, 1996; Goetz and Gupta, 1996). While studies on micro-enterprises have shown a positive correlation between entrepreneurship and household income, education and health (see Brau and Woller, 2004); its effect on a country's economy is limited. A number of studies have shown that only higher growth enterprises impact economic development in low or least-developed countries (see Naudè, 2010; Goedhuys and Sleuwaegen, 2010; Wong, Ho and Autio, 2005; Autio 2008). Nevertheless, a large section of the literature focuses on exploring micro-entrepreneurship in developing countries instead of larger enterprises which are often the focus in developed economies. In order to conduct research in a less discussed area it was therefore decided to focus the research within this study on small and medium-sized enterprises in East Africa.

Entrepreneurship in Africa is not only getting attention from the academic community but also from global corporations including IBM and Google as well as successful entrepreneurs such as Mark Zuckerberg and Bill Gates who have



invested millions in technology development, training and startup incubators (see Konrad, 2016; Metz, 2016; Graham, 2013). Chinese companies invest heavily in infrastructure development across East Africa, connecting large cities inland with ports such as Mombasa and Dar es Salaam and cutting transportation time and cost drastically (Morlin-Yron, 2017). Additionally, a number of political leaders have visited African nations in the past years not only during moments of crises but to promote trade and strengthen partnerships. In 2015, Barack Obama spoke at the Global Entrepreneurship Summit (GES) in Nairobi, Kenya to entrepreneurs from over 120 countries about the importance of entrepreneurship for the continent of Africa and the world.

*“Entrepreneurship creates new jobs and new businesses, new ways to deliver basic services, new ways of seeing the world -- it's the spark of prosperity. [...] Here in Nairobi, startup incubators are nurturing new businesses every day [...] each with the potential to be the great next Kenyan innovation. You can unlock new solutions to the pressing global challenges that we face. [...] you'll make life better for all of us.” (Obama, 2015, para. 4, 11, 17)*

Much of the investment and attention seems to be directed at East Africa due to a number of reasons that go beyond the scope of this paper, but it has supported the region's strong economic growth and its effort to diversify beyond exporting natural resources such as oil which is still the main source of income for many African countries (AfDB, OECD and UNDP, 2016). The above described development created an interesting base for investigating entrepreneurship in the context of developing countries, and more specifically East Africa.

Living and working in Sweden, a country that is often praised for its progressive gender roles and equality between men and women at home and in the workplace, the authors took an interest in investigating if and how gender affects businesses in a completely new context, namely SMEs in East Africa.

As will be discussed further in the literature review, one way of looking at business performance with a gender perspective is by applying either a liberal feminist or social feminist lens. The former assumes that women and men are inherently equal

and that inequalities arise due to patriarchy within society and especially within a professional setting (Fischer, 1993; Crossman, 2017). The latter is based on a more complex belief, that women and men are not inherently equal but develop different views of the world from early childhood (Fischer, 1993). In addition to these two dominant mind-sets other theories exist such as cultural feminism, psychoanalytic feminism and radical feminism (Crossman, 2017; Alcoff, 1988). It is important to mention, that the authors do not apply feminist theory to the findings but merely investigate gender specific differences by applying quantitative and qualitative methods.

While conducting preliminary research for this paper, three areas of interest were discovered by the authors. First, motivation, often discussed within a startup context regarding the motivation behind the business launch. Second, growth intention, a common variable in economic literature and one of the determinants of entrepreneurship. And third, success definition, closely linked to personal motivation and a common topic within research on business and gender studies. As pointed out in the purpose which follows this section, it was decided to focus on these three areas and investigate whether gender specific differences can be identified within the context of the study.

## **1.2 PURPOSE**

This paper examines the growth intention, success definition and motivation of owners and founders of small and medium-sized businesses in East Africa. The focus is on determining whether and which differences between female and male entrepreneurs exist within this context.

### 1.3 RESEARCH QUESTION

Based on the purpose of the study, the following research question has been formulated:

*Which differences can be identified among female and male entrepreneurs of SMEs in East Africa?*

Initially, three areas of interest, namely motivation, growth and performance, as well as success definition, were identified and four questions formulated based on assumptions built up by existing research which will be described in the literature review.

*Are female and male entrepreneurs motivated by different factors?*

*Do female and male entrepreneurs have different intentions to grow?*

*Do male-led businesses outperform female-led businesses in traditional success measures (i.e. number of employees, growth, geographic expansion)?*

*Do female and male entrepreneurs define success differently?*

The central research question is discussed based on findings from the analysis of both quantitative and qualitative data and subsequently answered in the conclusion within the last chapter of this paper. Constructing an overarching research question for a mixed-method study is in line with the recommendations by Tashakkori and Creswell (2007). Their argument to create separate sub-questions for each method was disregarded as the authors believe that the similarities of research areas across methods warrant the creation of integrated sub-questions.

Although this study does not follow a sequential mixed-method approach, in which research questions are added as the study progresses (Tashakkori and Creswell, 2007), the experiences of the authors on site created the need for the formulation of one more sub-question which will be answered solely based on qualitative data findings.

*Do female entrepreneurs face different challenges than their male counterparts?*

Due to the generation of detailed research questions it was decided to forgo the additional creation of hypotheses as this step would not create any additional value to the reader or the analysis of the data. In order to create a comprehensive structure, the following chapters, with the exception of the methodology, are arranged based on the aforementioned areas of interest.

## **1.4 EXPECTED CONTRIBUTION**

This piece of work aims to contribute to existing research about entrepreneurship in developing countries as well as to the field of gender studies within a business environment. The research is expected to give insight into the areas mentioned above and reduce the identified research gap. Both the quantitative and qualitative parts of the study focus on finding out about the motivation of the entrepreneur, their definition of success as well as their plans and challenges for the future. The paper will illustrate the entrepreneurial environment in East Africa, specifically in Nairobi and Dar es Salaam. It is intended to identify similarities within the focus areas and potentially discover differences between male and female entrepreneurs. The paper is expected to be of interest not only to researchers but also to future entrepreneurs, investors and other finance providers.

## **1.5 OUR STUDY**

In order to answer the research question, quantitative and qualitative data was gathered on site by the authors in Nairobi and Dar es Salaam during a time period of four weeks. The empirical findings were analysed with statistical methods while a content analysis was applied to the interview data collected. The outcome of the analysis was the determining factor for answering the main research question as well as the sub-questions listed above.

## **1.6 THESIS OUTLINE**

This thesis consists of five chapters. The next chapter focuses on the literature review including entrepreneurship and feminist theory as well as on growth,

motivation and success within a business context. In the methodology chapter, the reader is informed about the research approach and design as well as data collection and analysis. It is followed by chapter four which gives insight into the results and the analysis of the findings. Additionally, the research sub-questions are answered and findings that were not expected are commented on. Finally, the chapter titled discussion will answer the central research question and give insight into why the findings are not as conclusive as was expected. A critical reflection of the study and suggestions for further research are also included.

## 2. LITERATURE REVIEW

*This chapter aims to present the relevant literature previously examining the topic. The three main areas of focus in this paper, namely motivation, growth intention and success are discussed, with each subchapter ending with one or several of the aforementioned research sub-questions.*

### 2.1 PREVIOUS RESEARCH ON ENTREPRENEURSHIP

As this thesis is concerned with studying traits of entrepreneurs, it is necessary to discuss pre-existing research and relevant opinions in this field. This chapter combines academic literature on entrepreneurship with studies that focus on entrepreneurial behaviour in developing countries as well as gender-specific research.

Much literature has focused on the entrepreneur as a phenomenon without considering the necessity of a second phenomenon, namely the existence of opportunity in their environment (Venkataraman, 1997). Going beyond the person, researchers should investigate one or several of the following questions:

*“(1) why, when, and how opportunities for the creation of goods and services come into existence; (2) why, when, and how some people and not others discover and exploit these opportunities; and (3) why, when, and how different modes of action are used to exploit entrepreneurial opportunities.” (Shane and Venkataraman, 2000, p.218)*

While these research questions go beyond the scope of this piece of work, it does aim at providing information on the entrepreneurs as well as the environment they exist in.

Welter (2011) also discusses the importance of considering context within entrepreneurship research. In this case, the spatial context, i.e. the geographic focus on East Africa is relevant for the significance of the findings. Even more so the gender aspects of spatial contexts (see Berg, 1997; Mirchandani, 1999; Welter, 2011) are considered in this study by applying a feminist perspective and

investigating whether gender-specific differences can be identified. Moving the data collection to another region or focusing on other aspects of the entrepreneur besides their gender is expected to result in inherent changes to the findings. Consequently, the results of this study can only be understood within its specific context.

A relatively new research area is the combined look at development economics and entrepreneurship which have existed in isolation for a long time (Naudé, 2010). With entrepreneurship being described as one of the main drivers of economic development in research conducted on developed markets (see Anokhin et al, 2008; Dejardin 2000; Holcombe 1998) it is deemed important to investigate whether it has a similar effect on growth within developing economies. The literature review by Naudé (2010) points out that disagreement exists among scholars on whether all entrepreneurial activities aid the economy or only specific kinds. Goedhuys and Sleuwaegen (2010) found that high-growth entrepreneurship is of utmost importance to an economy's development especially in the case of least developed countries. In their analysis based on data from the GEM, Wong, Ho and Autio (2005) even discovered that only what they defined as "high potential entrepreneurship" had any effect on developing an economy. This positive and significant effect has been confirmed by a newer study based on Wong et al (2005) conducted by Autio (2008).

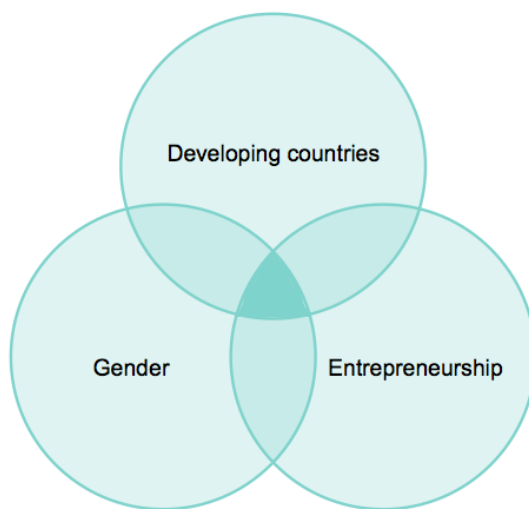


Figure 1 – Position of Research focus

Naudé's (2010) analysis concludes "that entrepreneurship does make a fundamental contribution to development by fostering structural change and growth and acting as a vehicle for people to escape from poverty and inequality." (Naudé, 2010, p.11) The level of this positive effect, however, is not as high as previously expected or hoped. It is also pointed out that while a growing number of theoretical and empirical papers are being published, the pool of knowledge on the interplay between growth of economic performance in a low development country and entrepreneurship is still limited and needs further research (ibid).

The effect of gender on performance in an entrepreneurial context is a relatively new research field which has received growing interest since the early 1990's. Some researchers suggest that there are differences in how female-led businesses perform compared to male-led ones. In addition to gender, previous research focused mainly on investigating personal traits and social context such as education, family background and prior experience (Krueger, 1993; Hisrich and Peters, 1989).

Fischer et al (1993) looked at business performance through a liberal feminist and social feminist lens which were discussed earlier in the paper. They developed hypotheses for each theory to determine whether one or both have a negative effect on women's business outcomes. While some of their hypotheses from both theories were at least partly confirmed, it was often not to the extent they had theorized. One example is that it was confirmed that women have less access to experience in areas such as managing employees, but this lack of experience had no effect on business performance.

Following previous research that confirmed liberal feminist theory in the fact that a societal gender bias exists (see Hisrich and O'Brien, 1982), Buttner and Rosen (1989) conducted an experiment in which loan officers and undergraduate students reviewed loan applications of female and male entrepreneurs. Contradictory to previous findings they could not support the hypothesis that a gender bias existed with regard to likelihood of getting a loan or the amount proposed in case of a counteroffer. They did however find, that in the case of a counter offer, loan officers



that additionally saw a personal interview with the female entrepreneur proposed a significantly higher amount<sup>1</sup> than in cases in which only a business plan was read. For men there was almost no difference in value.

Additionally, Kalleberg and Leicht (1991) found no gender specific reasons as for the likelihood of entrepreneurs' businesses to fail which confirms Cromie and Hayes (1988) theory, that self-employment offers a place in business without discrimination against women.

One aspect of gender bias that most scholars can agree on is the so-called female ghetto which describes the phenomenon of women being more likely to work in industries that are traditionally female (see Kalleberg and Leicht, 1991). Loscocco and Robinson (1991) analysed the concentration of women- versus men-owned businesses across the United States in five industries that they categorized as typically female (retail and services) and typically male (manufacturing, construction and high-tech). They identified that gender-specific clusters do exist and that female businesses are located in industries or sectors whose average business receipts are lower than their male counterparts (ibid).

While one explanation for the low number of women in non-traditional industries can be women's higher need for security paired with a lower degree of risk-taking, Anna et al (2000) also found that female business owners outside of traditional industries had a lower level of perceived financial support and felt discriminated against by financial institutions when seeking support. They felt less accepted in the male-dominated industry they operated in, or as if stakeholders within the industry were not taking them seriously (ibid). Even though both studies were conducted in developed countries, the social and cultural background of East African countries creates the assumption that the issues described would only increase within this context. Discrimination based on gender is therefore one of the issues discussed in the chapter on challenges within results and analysis of this study.

*Do female entrepreneurs face different challenges than their male counterparts?*

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<sup>1</sup> Loan officers proposed a counteroffer of 22,778 to women with a business plan and an interview compared to 9,458 for women that only showed a business plan.

## 2.2 MOTIVATION

Self-determination theory (SDT) distinguishes motivation into intrinsic and extrinsic motivation, based on the reason or goal to act upon it. Intrinsic motivation means doing something because it is interesting or enjoyable and extrinsic motivation is often perceived as self-selected and related to achieving an external outcome (Ryan and Deci, 1985).

In their paper on “Sex, Gender and Entrepreneurship”, Fischer et al (1993) identified significant differences in women’s and men’s motivation to start a business, however in the opposite direction as hypothesized. They found a slightly higher financial motivation for women after having predicted by following social feminist theory that women would be more likely to be lifestyle-motivated. Buttner and Moore (1997, p. 34) found that the “women’s most important entrepreneurial motivations were the desire for challenge and self-determination and the desire to balance family and work responsibilities.”

*Are female and male entrepreneurs motivated by different factors?*

## 2.3 GROWTH INTENTION & PERFORMANCE

Multiple studies have shown that male controlled businesses outperform female-led ones in different ways (see Watson and Robinson, 2003; DuReitz and Henrekson, 2000; Coleman, 2007; Robb and Wolken, 2002). When Watson and Robinson (2003) compared the profits and the variability in profits (risk), both showed to be significantly lower for female-led businesses. They drew the conclusion that the level of risk taken in female-led businesses is smaller than in male-led businesses. Since risk is usually strongly connected to expected return, that could explain why women also gained a smaller profit (Watson and Robinson, 2003).

The findings of DuReitz and Henrekson (2000) and Coleman (2007) confirm that female-led businesses perform worse than those led by males. They found that female owned businesses tend to be smaller and grow less than male owned ones.

Robb and Wolken (2002) also found that they tend to be less profitable than the ones owned by men. In developing countries, this could be explained by the disadvantages women face in education and in the labour market that results in women most often lack the entrepreneurial experience that men have (Langowitz and Minniti, 2007).

Cliff (1998) challenges this view by looking at the entrepreneurs' attitudes and motivation towards growth. Through quantitative data collection as well as interviews with over 200 female business owners she found that there are insignificant differences between men and women with regards to intention to grow though women attributed less importance to expanding. Additionally, Storey (1994) found no significant differences between growth in female and male owned businesses. A study on Guatemalan entrepreneurs also lacks significant results on differences in growth for sales and employees between female and male owned businesses (Kevane and Wydick, 2001). Naffziger, Hornsby and Kuratko (1994) argue that just looking at traditional performance measures will not explain the full depth of the effectiveness of the business and the entrepreneurial experience. He added entrepreneurial motivation to extend the explanation of the concept.

*Do female and male entrepreneurs have different intentions to grow?*

*Do male-led businesses outperform female-led businesses in traditional success measures (i.e. number of employees, growth, geographic expansion)?*

## 2.4 SUCCESS

Many scholars criticize the traditional way by which the success of a business is measured according to number of employees or profit, as this definition is not shared by the entirety of business owners. (Kalleberg and Leicht, 1991; Larwood and Gattiker, 1989) Research suggests that, "women may look to outcomes other than business growth to [...] measure their success." (Larwood and Gattiker, 1989 cited in Anna et al, 2000, p.288) Consequently, the sole focus on financial measures as a means to define success leads to findings of female-led businesses being less

successful because they are smaller, grow slower and therefore have lower profits (see Kalleberg and Leicht, 1991; Buttner and Moore, 1997).

Cliff (1998) discovered that a significantly lower number of female entrepreneurs in her study stated that they measure success through the size of their business. What Cliff's (1998) study lacks is an alternative definition of success for these women.

Buttner and Moore (1997) observed that the entrepreneurs in their study measured success in terms of "self-fulfilment and goal achievement. Profits and business growth, while important, were less substantial measures of their success" (Buttner and Moore, 1997, p.34). Similarly, Brush (1992, p.22) noted that the "assessment of business performance for women-owned businesses should include not only financial measures, but should incorporate other measures such as employee satisfaction, social contributions, goal achievement, and effectiveness."

Verheul et al (2002) also found that women are more likely to combine personal and business goals, and strive to have a more personalized network, whereas men often use their business networks to gain access to tangible resources. The findings from Boohene, Sheridan and Kotey (2008) and Knotts, Jones and Brown (2008) show that women generally have a stronger marketing focus and men place greater emphasis on production and financial objectives. Overall, Boohene et al (2008) suggest that men are more proactive business owners and more focused on achieving higher levels of financial performance.

*Do female and male entrepreneurs define success differently?*

### 3. METHODOLOGY

*This chapter aims to describe and explain the methodology used to conduct this study as well as the methodological decisions made. The chapter covers the overall research approach, the selection of the study object as well as the research design, measurements and variables. Furthermore the process of data collection and analysis are described. The chapter is finished with a discussion of the quality of the study including its reliability and validity.*

#### 3.1 RESEARCH APPROACH

This paper presents an empirical study with an abductive approach, a combination between inductive and deductive reasoning, by basing the research questions on theory and with an exploratory approach including qualitative data for findings outside of the intended framework (Bryman and Bell, 2015).

Although not initially intended, the research approach followed the design illustrated in Figure 2 from Creswell (2009). Quantitative and qualitative data collection occurred concurrent but mostly isolated from each other, meaning the findings of one did not influence the data collection or analysis of the other. Only after the analysis were results compared to identify similarities or differences across methods.

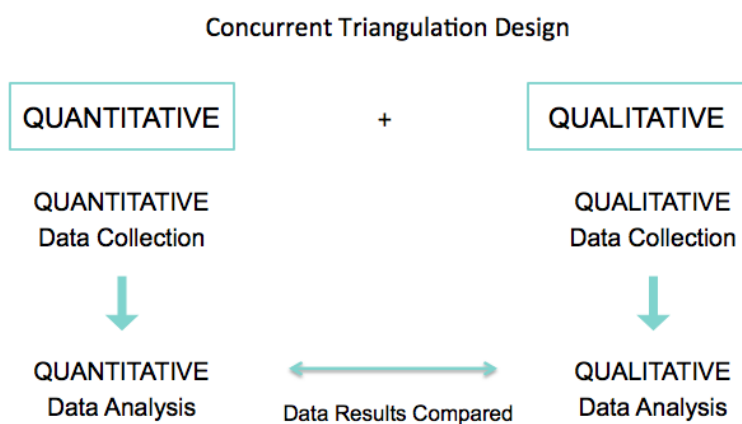


Figure 2 – Concurrent Triangulation (Creswell, 2009)

Before starting the main research process, information was gathered through unstructured, qualitative expert interviews. In addition to secondary research, these interviews were necessary in order to create a comprehensive and applicable quantitative survey in the form of an online questionnaire. The questionnaire was then distributed among entrepreneurs in East Africa with an initial goal of reaching 100 respondents in total. Difficulties that were encountered during the early stages of the quantitative study created the need to identify a second method for data collection. It was decided that semi-structured interviews had the best chance of generating data that could stand on its own as well as be compatible with and comparable to the quantitative data gathered through the questionnaire. These interviews were conducted within the same sample as chosen for the quantitative section, and the majority of interviewees also completed the questionnaire.

### 3.1.1 GENERAL DEBATE ON MIXED-METHOD APPROACH

Using both qualitative and quantitative methods in academic research has been debated by a number of scholars with many of them arguing against the usefulness of it or even openly speaking out against it (see Guba, 1990). Any type of criticism, however, whether it focuses on embedded methods (Smith, 1983; Smith and Heshusius, 1986) or the paradigm argument (Guba, 1995; Morgan, 1998) are discussed and dismissed by Howe (1988). Scholars that argue for mixed-method approaches often refer back to his article '*Against the Quantitative-Qualitative Incompatibility Thesis or Dogmas Die Hard*' in order to disprove the incompatibility thesis (ibid). Due to the scope of this piece of work, a more detailed description of the arguments against mixed methods has been decided against. Instead, the benefits of the chosen approach will be pointed out in the following paragraphs.

Siebert (1973) discusses the reasons why combining field studies with large-scale quantitative data collection is beneficial for the reliability and richness of the findings. Although his analysis focuses on retrieving quantitative data after finishing a field study instead of working concurrently as done in this piece of work, his argument still holds. While questionnaires are often based on earlier theoretical findings and therefore search for what is anticipated, field research offers the chance

for exploration and discovering phenomena and correlations that are unexpected. On the other hand, solely focusing on exploratory, qualitative research can create a holistic fallacy, the “tendency on the part of field observers to perceive all aspects of a social situation as congruent” (Sieber, 1973, p.1354) which additional quantitative data is able to prevent. (see also Miles and Huberman, 1994, p.41)

This study follows the argumentation of Wilson and Rossman (1985) regarding the usefulness of mixed-method research. The reasoning behind adding qualitative data to the quantitative data collected through a questionnaire in this specific case is described by them as corroboration and elaboration (*ibid*). The former describes the aim to find convergence between quantitative and qualitative data, while the latter is supposed to expand the understanding of the research topic at hand through a mixed-method approach. The qualitative data collection through semi-structured interviews to corroborate the quantitative data collected through surveys is best described as methodological triangulation (Denzin, 1978) which “... allows the researcher to improve the accuracy of conclusions by relying on data from more than one method” (Wilson and Rossman, 1985, p.632).

### 3.1.2 MIXED-METHOD RESEARCH WITHIN GENDER STUDIES

Although this piece of work does not primarily focus on women’s studies or feminism as a research topic, it is concerned with identifying gender-specific differences and does therefore have a place in gender studies. This fact creates the need to mention critique towards quantitative research methods when investigating the female gender within social sciences. Researchers have pointed out the incompatibility of feminism and quantitative research due to its “hard” or “masculine” features (Gherardi and Turner, 2002), the ignorance of the female voice or the coercion into predetermined categories (Mies, 1993; Maynard, 1998) and the risk of exploitation (Mies, 1993).

Later research contradicts these findings partly and speaks for the acceptance of quantitative methods within women’s studies. Scott (2010) argues that even though “women’s experiences cannot be reduced to numbers [...] [o]ne strength of

quantitative research is its ability to identify the patterns and processes by which gender inequalities are passed on or modified from one generation to the next.“ According to him, if used appropriately, applying quantitative methods within the field of women’s studies will only enhance its validity and reliability, not condemn it (ibid). Similarly, Westmarland (2001) points out that the discussion regarding objectivity versus subjectivity or hard versus soft methods does not have to be a black and white issue. She argues for the combination of individual female’s stories and large-scale numerical data to create valuable research (ibid).

Throughout the research process and especially during the compilation of survey and interview questions, specific focus was put on working within a unbiased, gender-neutral context. It is believed that the mixed-method approach aids with minimizing the risk of gender bias with regards to the aforementioned points. In addition, none of the respondents were informed about the gender-focus of the research, but solely of its theme regarding entrepreneurship in East Africa to further reduce gender bias. The only obvious factor that could not be accounted for was the increased level of comfort and openness that female interview respondents might have felt over their male counterparts as the authors/interviewers are both female.

## **3.2 STUDY OBJECT SELECTION**

### **3.2.1 CHOICE OF GEOGRAPHIC AREA**

The following paragraphs will give a short introduction to the region of East Africa as a whole, and Kenya and Tanzania in specific. While a complete analysis of the countries’ political, economic and social development is outside of the scope of this paper, it is believed that some background information will benefit the reader’s understanding of the current business environment in the area. This will also shine a light on the socio-economic differences between Kenya and Tanzania which were reflected in the plans and challenges described by the interviewed entrepreneurs.



## East Africa

Although the research focuses on Kenya and Tanzania, several of the respondents for the quantitative part of the study operated their business solely or partly in other East African countries or in some cases outside the region altogether. It is therefore deemed necessary to introduce the region shortly. The countries included in East Africa for this paper follow the list of the United Nations Statistics Division (UNSD, 1999).

According to the African Development Bank (AfDB), East Africa grew stronger than any other region on the continent with regards to real GDP at 6.3% in 2015. This trend is expected to continue with predictions for 2017 at 6.7% (ibid). East Africa has a population of around 400 million people, of which more than half are considered within working age. Foreign Direct Investment (FDI) has been increasing steadily; however, East Africa still remains the second lowest investment region above Central Africa. Tanzania, Uganda, Kenya and Ethiopia are among the countries with the highest and most stable investment in the region. This shows a shift from investment in resource-heavy countries towards investment in consumer goods, services and especially in Kenya, information and communication technology (ICT). In the annually published African Economic Outlook, the authors mention the region of East Africa as a positive example for using its comparative advantage. The mostly resource-poor countries have been able to adapt to the needs of the market and diversified their economy. (AfDB, OECD and UNDP, 2016) Additionally, the East African Community (EAC), a common market, was formed by Kenya, Tanzania, Uganda, Burundi and Rwanda, which further increases their resilience. Intra-regional trade among the EAC members is significant but remained stable around 18% in the past 15 years while other economic communities grew their cooperation. It should also be mentioned that countries within the EAC are improving their financial interdependency through expanding their well-mixed income from indirect, direct and trade taxes. While FDI and Official Development Assistance (ODA) remain important sources of income, the governments are decreasing the risk of dependence on these sources towards a strong and growing economy.

Kenya and Tanzania were chosen as countries for the research for different reasons. First of all, the language barriers are smaller since most of the population of both countries speaks English (The World Factbook, 2017). Secondly, the political and security situation in the countries made it be considered as a safe area to conduct the research. And thirdly, connections between entrepreneurs in Kenya and Tanzania and Stockholm School of Economics were already established. This increased efficiency on-site, as the authors were able to set up meetings with local experts and entrepreneurs prior to the field research.

## Kenya

The country has a population of almost 47 million, of which around 3.5 million live in its capital Nairobi (The World Factbook, 2017). Around one quarter of the total population lives in cities (World Bank, 2017). Due to the population growth, this has added over 2 million people to the country's urban centres in recent years (World Bank, 2017). English and Kiswahili are the two official languages with most citizens having at least a basic knowledge of both (The World Factbook, 2017). The economy has been strong over the past years reaching a GDP per capita<sup>2</sup> of \$2,900 in 2015 at a GDP growth rate of 5-6% (World Bank, 2017; The World Factbook, 2017). However, unemployment rates are constantly high with around 11% (World Bank, 2017). Especially young Kenyans have difficulties finding employment as shown by the World Bank estimation of 22.2% unemployment rate. Over two thirds of the GDP is within services and industry even though only 25% of the labour force is employed within these sectors. The agricultural sector remains the largest employer for the 18.7 million strong workforce (The World Factbook, 2017). Although almost 80% of the population are literate in either English, Kiswahili or both and school life expectancy rate is at eleven years, the unemployment rate for formal sector was at 40% in 2013 (The World Factbook, 2017). While the aforementioned unemployment statistics were estimation of the whole labour market including the informal sector, the official numbers are higher as people struggle to find formal employment. The demographics of the population also have to be considered. Over half of the country's citizens are under 25 years old, creating a median age of 19.5

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<sup>2</sup> PPP (constant 2011 international \$)

years (The World Factbook, 2017). These circumstances have been described by many during the field research as one factor in the growing number of self-employment and the creation of micro, small and medium-sized enterprises (MSME) in the country. According to the Kenya National Bureau of Statistics (KNBS) the total output that could be attributed to MSME's in 2015 was 33.8% of the national output with KSh 9,971 billion (USD 97.2 billion). The KNBS also found that around 1.5 million licensed MSMEs were operating in the country that year while the number of unlicensed businesses was estimated at 5.8 million.

According to the World Bank (2017) "Kenya has the potential to be one of Africa's great success stories from its growing youthful population, a dynamic private sector, a new constitution, and its pivotal role in East Africa."

#### Tanzania

The country has a population of 52 million citizens (The World Factbook, 2017). Kiswahili and English are the two official languages (ibid). The largest urban centre by population is Dar es Salaam, followed by the country's capital Dodoma (ibid).

Tanzania has a higher GDP growth rate than Kenya with 7% but a lower GDP per capita<sup>3</sup> of 2,500 USD (World Bank, 2017). It is interesting to mention that while Tanzania is described as the lower developed country in terms of social, institutional or business development, its GINI coefficient of 37.6 is significantly lower than that of Kenya (47.7) (UNDP, 2016).

Both the composition of the GDP by sector of origin and the distribution of the labour force by occupation are comparable to Kenya (The World Factbook, 2017). Although the population is only larger by a few million people they automatically translate into the labour force because of the young age of the country's inhabitants (ibid). The median age is 17.6 with almost half of Tanzanians being under 14 years of age (ibid). Even though School life expectancy is low with 8 years on average, both youth and total unemployment are estimated relatively low at between 3-6% (World Bank, 2017; The World Factbook, 2017).

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<sup>3</sup> PPP (constant 2011 international \$)

### Cities

Besides the aforementioned reasons that led to the choice of Nairobi and Dar es Salaam as primary targets for data collection, other factors enforced this decision. They are the largest cities in each country based on number of residents which opens up business opportunities and could therefore facilitate the search of applicable entrepreneurs. Additionally, businesses outside of these two cities within Kenya and Tanzania as well as other East African countries were approached when looking for questionnaire respondents. However, a detailed geographic profile of the final respondents cannot be given as they only had to specify their countries of operation and not the cities or regions they are present in.

### 3.2.2 CHOICE OF SAMPLE FRAME

The sample frame of the study consists of entrepreneurs of SMEs that partly or fully operate in East Africa.

Due to the lack of one agreed-upon definitions of what constitutes an SME, frames were developed based on a number of sources including the International Finance Corporation (IFC), the Organization for Economic Development (OECD) and the World Bank (see Table 23 in the appendix). According to the OECD (2004) what is considered an SME varies significantly by country and is generally determined by their number of employees, turnover or assets. While it was not possible to gather data on the latter indicator, the respondents were asked to indicate their exact number of employees and categorize their business with regard to turnover. Based on the information that is presented in Table 23 (Appendix), SMEs were considered, who fell into one of the categories of employing 5-100 people or having a turnover of USD 5,000 - 8 million. While the lower frame was fixed, to confidently exclude micro-enterprises, companies were also considered as part of the sample when they fulfilled only one of the upper frames, meaning they employed more than 100 people but had a turnover of under USD 8 million or had a turnover of over USD 8 million but under 100 employees.

The sources used to reach the target group were the personal extended network of the authors, online sources such as lists of SMEs, participation lists of University courses in entrepreneurship, networking events on-site, co-working spaces and associations for entrepreneurs.

The quantitative data collected by the authors is comprised of two thirds men and one third women. The gender distribution among the interviewees is eleven male to eight female. Although it seems unevenly distributed it is representative of the gender balance of entrepreneurs in the region. According to the International Finance Corporation (IFC) (2014) only 24% of formal SMEs in Sub-Saharan Africa were owned by women between 2003 and 2010. Although many statistics report an equal gender distribution among small enterprises in developing countries, these numbers commonly refer to businesses starting at one employee. In Tanzania, businesses with sole ownership are 60% female-led while the distribution for a business with two to four employees is set at 45% female and 55% male. (MIT, 2012) The few enterprises that employ five or more individuals show a different picture with only 14% of them being led by a woman. (MIT, 2012) In Kenya, as in many other developing countries, the gender distribution varies not only according to the size of the business but also depending on whether the business is licensed or unlicensed. The KNBS surveyed MSME's in the country and discovered that half of the licensed businesses were solely owned by men while less than one third was solely owned by women with the rest being made up of mixed-gender business partners (KNBS, 2016). Among unlicensed businesses the percentage of sole female ownership was above 60. While the shadow industry makes for an interesting topic with regards to SME development, it was decided for the purpose of this study to investigate solely licensed businesses, therewith excluding the informal sector. Due to this delimitation it is reasonable to naturally receive more male than female respondents in the survey and to achieve a similar gender distribution for interview participants.

### **3.3 RESEARCH DESIGN, MEASUREMENTS AND VARIABLES**

#### **3.3.1 PREPARATORY RESEARCH**

in order to understand the local context as well as preparing the on-site visit, the authors gathered information from experts in the field. The results acted as input for the design of the pilot study in order to facilitate the data collection.

It was conducted through interviews with people that were seen as experts in either the specific topic of or the context in which this project was set. They were deemed important in order to understand the business environment in East Africa, determine which countries are relevant for the purpose of the thesis as well as to discover potential challenges specific to the subject ahead of time. Discussions on potential challenges on questionnaires in general and how to design one for the region were conducted with academic experts with experience in the area.

#### **3.3.2 PILOT STUDY**

The input gathered through the preparatory research was used for designing the questionnaire for the pilot study. The experts conceded on most of the topics discussed which led the authors to take their opinions into account and apply them accordingly. For instance, it was mentioned that challenges on the use of questionnaires and especially online surveys could occur, partly since internet access might be limited in some areas. Therefore the opportunity to fill out the questionnaire on paper was added. It was also understood that even if it would be interesting to examine the effect of tribes, it was not an appropriate question to ask, which is why it was removed to not make the respondents feel uncomfortable. Even though one expert mentioned that the existence of medium sized enterprises in Tanzania was limited and therefore could be challenging to examine, the authors were confident that their network in Tanzania would balance out this circumstance.

According to the input of the experts, the questionnaire was clarified and simplified in order to avoid misunderstandings. A five step Likert scale was decided to be used with explanations of every statement instead of numbers explaining the level of agreement. In order to better understand the reality and daily challenges of entrepreneurs in East Africa, the data collection of the main study was decided to be conducted on-site during a course of four weeks. An incentive of a 1 USD donation to a local project for every filled out questionnaire was added, see Figure 3 in the appendix.

### 3.3.3 QUANTITATIVE STUDY

#### Measurements

Different measurements were used for this study. Most variables were measured by Likert scales. The questionnaire is found in Figure 4 in the appendix. A trade-off had to be done between ease for the respondent in understanding the questionnaire and its scales, and the expected level of variance. A five points Likert scale was decided to be used for most of the variables. The different levels of the scale were translated into words to simplify the comprehension for the reader.

#### Dependent Variable

After thoroughly studying the research done on entrepreneurship in East Africa, it was decided to focus this study on motivational factors, success definition and growth intention of the founders or current leaders of small and medium-sized enterprises. For this purpose, part of the questionnaire was made up of questions from previous research on the aforementioned areas. More specifically, two matrices on entrepreneurial success factors (Walker and Brown, 2004) and motivational factors (Fischer et al, 1993) were used. The main reason for choosing these two was that both studies had performed a factor analysis on the questions and had identified the same three factors. Due to the limitation in time it was expected that it would not be possible to reach enough participants to perform a factor analysis on the primary data gathered. Therefore the factors identified by the aforementioned studies were taken as an established fact. These factors are lifestyle, financial and social recognition/social responsibility.

Growth intention is the third main focus of this research and was addressed in two ways in the questionnaire. First, the participants were asked directly about how important growth is to them in various areas as well as how much they plan to grow during 2017 and their level of growth during 2016, hereafter called growth intention and estimated past growth. Secondly, they were asked a number of questions that have the potential of influencing growth intention according to previous research. Cliff (1998) suggests that one main reason why female-led businesses are on average smaller than their male counterparts is the dual burden women face when they have a husband and children that they need to take care of in addition to running a business. Participants were, therefore, asked about their marital status; whether they have children or take care of anyone else such as a parent or sibling as well as the amount of hours they spend on household duties per week (see Q26-Q29 in appendix figure 4) in accordance with the research done by Cliff (1998).

#### Independent Variable

Gender has been selected as the independent variable in order to compare female-led businesses to male-led ones.

#### Control Variables

Participants were asked to identify which industry their business operates in (see Q1). The options given were taken from the United Nation's (UN) industry classification. Questions about the businesses included the exact number of employees as well as clusters of size by employees and sales volume (see Q3-Q5). This data was necessary to identify those participants that match the predetermined sample frame. It was also determined since when the business has been in operation as well as in which and simultaneously how many countries the business is active.

In addition to the participants' gender, which is the independent variable in the analysis, more basic demographic data was collected such as their age, country of origin, their marital status as well as whether they have children or take care of other family members. (see Q23-Q28)



Participants filled out whether they had co-founders during the inception of the company as well as whether it is currently run by more than one person and if yes, how many partners there are (see Q6, Q16, Q16a). Following the same logic and basing the fact that entrepreneurs with a better network are more likely to succeed, another matrix was used from research published by Engström (2016). As the initial goal was to analyse financial data of the companies, based on their annual reports, Q18 to Q19a\_4 focus on gathering data on external financing.

### 3.3.4 QUALITATIVE STUDY

The interview questions used in the qualitative study were based on the three main research topics, motivation, success definition and growth intention. Additionally, the issue of challenges was added as a fourth research topic for the interviews. It was decided to use a semi-structured interview meaning that questions were prepared like an interview guide but the interviewee had a lot of freedom in the answer. Questions that were not in the guide could be added (Bryman and Bell, 2015). Each participant was asked a total of nine, open-ended questions, which can be seen in appendix II. As mentioned before, Interviewees were chosen according to the same sample frame as the participants for the quantitative part of this study.

## 3.4 DATA COLLECTION

### 3.4.1 PILOT STUDY

The pilot study was conducted online in Tanzania and in person in Nairobi due to practical reasons. For this part of the research there were no limitations given on company size or turnover as it was mainly administered in order to determine whether the questions were understood by the respondents since concerns were raised by several experts about the experience of taking surveys among potential subjects. Detecting whether there was potential for statistical relevance was only a secondary motive.

In total eleven participants completed the questionnaire of which five identified themselves as male and six as female. Another four respondents had to be eliminated due to the incompleteness of their answers.

### 3.4.2 PILOT STUDY RESULTS

The results from the pilot study generated insights to the main data collection and provided information for improvements and avoidance of misunderstandings for the main survey. The findings confirmed some of the concerns raised during the preparatory research, such as the need of paper-based questionnaires as a complement to the online survey. Furthermore, the results showed the challenge of the use of questionnaires in general. Even though some respondents received assistance in understanding the survey they were sometimes struggling even after the explanation. Respondents seemed to misunderstand the Likert scale questions and were asking about how to fill them out and sometimes skipping parts of the survey.

Another assumption that was confirmed by the pilot study was the tendency of respondents avoid to disagreement statements. Some rather skipped the statement if they disagreed than ticked the disagreement box.

The changes made in the questionnaire after the pilot study were mainly clarifying questions or statements. No questions were removed or added for the main study.

### 3.4.3 MAIN STUDIES

After closing the pilot study and adjusting the questionnaire, the main part of the study was initiated by opening the online questionnaire and sending out the necessary information to potential respondents. Due to an initially low response rate, it was decided by the authors to add a qualitative section of the study. It was supposed to enhance numerical findings and explore entrepreneur's motivation, success definition and growth intention beyond what earlier research has identified.

The following sections will illustrate the way data was collected within each part of the study and give insight into obstacles faced by the authors during the process.

#### Quantitative

Data was collected using the survey tool Qualtrics, mainly due to practical reasons such as resource limitations. The link to the online questionnaire was distributed to entrepreneurs across East Africa using multiple sources. Besides reaching out to the extended personal network of the authors, an extensive online search for entrepreneurs and SMEs was conducted. The contact information was gathered in a database before the beginning of the field study. The largest source of information was the East Africa Top 100 which is a list of SMEs created through the cooperation of KPMG and Business Daily. Based on the names of the companies in the lists available for Kenya and Tanzania, the necessary contact information was generated and put into the database. The database consisted of 350 companies before the beginning of the field study and grew to over 500. Besides personal contacts that were created throughout the course of the field research, additional sources include participation lists of university courses in entrepreneurship, networking events, especially the SME Fest held in Nairobi on the 21st and 22nd of May as well as co-working spaces and associations for entrepreneurs in Nairobi and Dar es Salaam.

While the majority of questionnaires were filled out online, the circumstances on-site deemed it necessary for the authors to personally talk to entrepreneurs and give out paper versions of the questionnaire. Their answers were then fed into Qualtrics manually by the authors.

Several obstacles were encountered during the quantitative data collection in Kenya and Tanzania. As mentioned at the beginning of this subchapter, the initial response rate was very low. It became clear that the primary method of reaching out to companies via email was the main reason for this circumstance. Consequently, the companies within the database for which a phone number existed were called, texted or contacted via online messaging services. While this method generated a higher response rate, it also required more time and coordination.

A related issue was the miscommunication between the authors and the potential respondents. Several individuals that were approached in written form responded by sending their phone number and office address, offering to meet with the authors for an interview. It is necessary to mention that at this stage of the study, a qualitative part was not intended. Due to the limitations in time and financial resources it was deemed inefficient to pay a personal visit to all of the individuals that proposed it, especially considering that several of them operated outside of Nairobi and Dar es Salaam. The companies that were located within the city and were willing to meet were contacted to arrange a meeting.

It was anticipated that language barriers could become an issue throughout the field study; however they were mostly encountered in Tanzania. Participants showed difficulties with understanding questions and answering coherently. This issue made clarifications and rephrasing necessary in many cases and potentially led to incomplete or inconclusive answers in the interviews and even incorrect responses in the questionnaire.

Beyond obstacles regarding understanding questions due to language barriers, it was also found that respondents had general comprehension issues. This led to questions being skipped online and on paper as well as incorrect or inconsistent answers being given. One example was respondents that indicated that the date they founded their business was before the date they were born. Additionally, it became apparent that several entrepreneurs were not familiar with their business at a level that was expected by the authors beforehand. This was notable specifically in the section on external financing (Q18-Q19a\_4) as well as estimated past growth (Q21) and growth intention (Q22).

### Qualitative

Interviews were conducted by both authors together, with one taking the lead, asking questions and engaging with the interviewee, and the other taking notes and observing. In addition to the notes taken by one of the authors, all interviews that will be discussed in this paper were recorded and transcribed. Except for one pair of

co-founders who wanted to be interviewed together all respondents were alone during the interview.

14 interviews were administered in person with the other four respondents answering over the phone. One difference between the two methods is the difference in length of the interviews. All phone interviews were finished in less than ten minutes, while all personal interviews were ten minutes or longer. It appeared that phone respondents were less eager to elaborate on their answers. Respondents during personal interviews often gave detailed background information answering not only the question asked directly, but also why they behaved or felt in a certain way without the authors' intervention.

After all questions were answered the respondents who were interviewed in person were asked to fill out the questionnaire. This offered the possibility of getting background information on the individual and the business beyond what was disclosed during the interview.

The authors met three additional entrepreneurs, two in Kenya and one in Tanzania, who did not want to be recorded. While these interviews were certainly valuable, the entrepreneurs' responses could not be documented and were therefore not added to the data pool for analysis.

## **3.5 DATA ANALYSIS**

The data acquired from qualitative and quantitative methods was kept separately for the analysis. The following section describes the different analysis methods.

### **3.5.1 STATISTICAL ANALYSIS**

The data was exported from Qualtrics into SPSS, which was used for the statistical analysis. SPSS is one of the most widely used software for statistical analyses (Bryman and Bell, 2015). Only the cases that matched the sample frame requirements and completed the survey further than to Q13 were kept in the

database for the analysis. The data representing “I don’t know” was marked as missing. Reliability tests were conducted in order to see if indices could be created, for instance based on the same factors used in Walker and Brown (2004) and Fischer et al (1993) or other variables measuring similar attributes. Indices were created by the variables that showed a Cronbach’s alpha higher than 0.7. Correlation (Pearson) analyses were also conducted in order to see relationships between variables. Paired samples t-tests were performed in order to compare means and identify the highest value for each gender and see if tendencies were significant. The data was split by gender and means of female and male entrepreneurs were compared in independent samples t-tests. Significant results are marked as \* = 90% confidence level, \*\* = 95% confidence level and \*\*\* = 99% confidence.

### 3.5.2 CODING

The interviews were transcribed and coded by the authors following standard protocol. In order to assure that nothing important would be left out, when one author coded within the transcript the other would do the data entry and vice versa. Due to the exploratory nature of the questions, it was decided not to create codes *a priori* but rather use the method of emergent coding. All codes and themes were verified by both authors before the beginning of the analysis to reduce the risk of subjectivity.

An excel spreadsheet was used for data entry to give the option of creating pivot tables for analysis. The spreadsheet contained the interviewee code, the country that the interview was conducted in and the respondent’s gender. Furthermore, the question and question group were entered. Four question groups had been decided on before the data collection in accordance with the questionnaire structure. These groups are “Motivation”, “Success Definition”, “Growth Intention” and “Challenges”.

The data was coded in three stages which were named “Subcode”, “Code”, and “Themes”. The former was closely linked to the actual words of the interviewee, while the code tried to group several statements together. The last stage was the

themes which received a unique identifier according to the question group they belonged to e.g. “M\_” for motivation or “S\_” for success definition.

## 3.6 QUALITY OF STUDY

This section will discuss the quality of this study in terms of reliability and validity.

### 3.6.1 RELIABILITY

Bryman and Bell (2015) explains reliability as an estimation of whether the results of the study are replicable. Apart from replicability, the components of quantitative and qualitative reliability differ somewhat. In quantitative research reliability is explained by three components; stability, internal reliability and inter-observer consistency. Stability entails whether a measure is stable over time or fluctuates. In other words, if the same measurements are tested to the same sample, there should be little variation in order to state that the results are stable. Bryman and Bell (2015) suggest that a repetition of the main study can be conducted to ensure the stability. The main study could not be repeated in this case due to time restrictions, thus the reliability can be seen as low (Söderlund, 2005). However, an attempt to verify the stability was made by doing a pilot study which, although the sample was small, indicated the same results as the main study. Regardless, consideration needs to be taken to the fact that the authors noticed difficulties with the understanding of the questionnaire, which most likely affected the results. The internal reliability is estimated by the coherence between multiple-indicator measures. Cronbach’s alpha was tested for all indices in order to estimate the internal reliability. The inter-observer consistency includes subjective judgements, which was minimized in the quantitative study by avoiding interpretations of the data.

Bryman and Bell (2015) divide reliability for qualitative research into external and internal reliability. The latter is closely related to inter-observer consistency and incorporates the agreement of the team members about what they see and hear in the observations. The external reliability indicates the degree of replicability. This tends to be difficult in qualitative research since the social setting is dynamic. To

overcome the issue, the qualitative data has been classified by more than one person (Söderlund, 2005).

### 3.6.2 VALIDITY

Validity is explained by Bryman and Bell (2015) as to what extent the measure of a concept actually explains the reality of that concept. They distinguish between measurement validity, ecological validity as well as external and internal validity. The measurement validity refers to whether the measures really reflects the concept they are measuring. This is related to stability and the assessment is based on the reliability of a measure.

External validity is described as to what extent the findings can be generalized into other contexts. This is a limitation of the qualitative findings since the sample is small. However, in combination with the quantitative results, the validity is strengthened (Bryman and Bell, 2015). Internal validity refers mainly to the issue of causality and the risk of other factors influencing the causal relationship. Due to the limitations of this study, there is a risk of unexplored factors influencing the results. Triangulation, which is the practice of using cross verification of data collected from two or more sources improves the validity of the results (Bogdan and Biklen, 2006). This piece of work applies methodological triangulation, meaning it analyses data retrieved through a mixed-method approach which “involves a complex process of playing each method off against the other so as to maximise the validity of field efforts.” (Denzin, 1973, p.310)

Ecological validity is explained as whether or not the findings are applicable to the everyday social setting (Bryman and Bell 2015). This study is based on respondents' perceptions and lacks external data or observations, which implies a potential weak ecological validity.



## 4. RESULTS AND ANALYSIS

*This chapter introduces both the quantitative and qualitative results followed by an analysis of the findings with regards to the before formulated questions. After a summary of the results additional findings will be discussed.*

### 4.1 INTRODUCTION OF THE QUANTITATIVE RESULTS

The sample from the quantitative study consists of 106 respondents of which 36 identified themselves as female. 64% of the sample said that they are married and 72% have children. The average time per week spent on domestic responsibilities including household and child care was 27.4 hours. The main differences between female and male entrepreneurs were age, years of experience, marriage quota and number of employees. Male entrepreneurs scored higher on all of the aforementioned, except of numbers of employees. More information about the sample, regarding basic characteristics of the entrepreneurs and their businesses, can be seen in Table 19 and 20 in the appendix.

#### 4.1.1 RELIABILITY TESTS

Reliability tests were conducted for the motivation variables in order to create aggregated indices out of the individual variables, following the structure of Fischer et al (1993). The table below shows the variables composing the indices and the Cronbach's alpha for each of them.

INDEX	Questions	Cronbach's alpha
Finance motivation	Q13_1 - Q13_4	0.93
Lifestyle motivation	Q13_5 - Q13_7	0.71
Recognition motivation	Q13_8 - Q13_11	0.83

Table 1 – Motivation indices (Quantitative)

The same tests were performed for the factors identified by Walker and Brown (2004). Since Cronbach's alpha < 0.7 indices were not created out of the variables, see Figure 5 in the appendix.

Multiple variables measuring growth from different perspectives were merged into indices as an attempt to simplify the analysis. The indices show an overall indication of the direction of growth intention, growth importance and estimated past growth.

INDEX	Questions	Cronbach's alpha
Estimated past growth	Q21_1 - Q21_5	0.89
Growth intention	Q22_1 - Q22_5	0.92
Growth importance	Q20_1 - Q20_5	0.90

Table 2 – Growth indices (Quantitative)

## 4.2 INTRODUCTION OF THE QUALITATIVE RESULTS

As mentioned before, the interview questions were grouped in four according to the topic, namely challenges, growth, success and motivation. A total of 18 interviews were conducted with 19 respondents, as one was done with the two co-founders of the company who were questioned at the same time. Table 3 shows the composition of the participants by gender and country in which the interview was conducted.

	Kenya	Tanzania	Total
Female	4	4	8
Male	5	6	11
Total	9	10	19

Table 3 – Interview sample (Qualitative)

## 4.3 MOTIVATION

*Are female and male entrepreneurs motivated by different factors?*

### 4.3.1 QUANTITATIVE FINDINGS ON MOTIVATION

Multiple tests were performed in order to examine the motivation of female and male entrepreneurs and if differences could be identified. First, the means of the motivation indices for finance, lifestyle and recognition for male and female entrepreneurs were compared to each other, separately within the gender group in order to understand which one that was preferred for the genders (see Q13).

MALE ENTREPRENEURS	Level of motivation (1-5)
Index Finance	4.47***
Index Lifestyle	3.77
Index Recognition	3.89

Table 4 – Motivation levels for males (Quantitative)

The results show that financial motivation was significantly stronger than both lifestyle and recognition based motivation for male entrepreneurs.

To test if female entrepreneurs were more motivated by financial components, just like men, the means of the indices were compared within the group.

FEMALE ENTREPRENEURS	Level of motivation (1-5)
Index Finance	4.68***
Index Lifestyle	4.14
Index Recognition	4.19

Table 5 – Motivation levels for females (Quantitative)

The results show that female, just like male entrepreneurs, were significantly more motivated by financial components, compared to lifestyle and recognition. There are no significant differences between the level of motivation of lifestyle and recognition components.

In order to see if there is a difference in level of motivation between male and female entrepreneurs, a mean comparison was conducted between the genders.

MOTIVATION	Female	Male	P-value
Index Finance	4,68	4.47	0,240
Index Lifestyle	4,14	3.77	0,036
Index Recognition	4,19	3.89	0,127

Table 6 – Gender comparison for levels of motivation (Quantitative)

The results show no significant difference between financial motivation among female and male entrepreneurs. Female entrepreneurs were higher motivated by lifestyle variables, such as achieving a balance between work and life and avoiding stress in life. Female entrepreneurs were also significantly more motivated by expanding their network than male entrepreneurs, which is a component of the recognition index. However, there is no significant difference between genders in the indexed motivation of recognition. Gender difference between specific variables can be seen in appendix M.

#### 4.3.2 QUALITATIVE FINDINGS ON MOTIVATION

Within the question group regarding motivation two clear themes could be identified as the most important to respondents, namely intrinsic values (14 mentions) and impact (eleven mentions). Most respondents were motivated by intrinsic measures such as being one's own boss, being independent, or fulfilling a dream by starting their business. For many women, independence was expressed as economic freedom from parents or their husband while men often put it more closely towards not having to answer to anyone.

“Economic freedom. That’s the main objective. You know, here in Tanzania, I don’t know if its culture or what, but many women are very dependent on their male counterparts or husbands. I’ve seen it in my family, my mum and my dad. My mum was a pure housewife and my dad was working. It was really hard. [...] and I said that one day I have to stand for my own. I must own a business. I have to be strong economically so I can be free. [...] That kind of freedom is what pushed me to start this business.”

- Female, Tanzania, Security Business

The theme “Impact” groups statements in which respondents mention how they are motivated by the societal, environmental or educational impact they personally have or their business creates. Even though none of the respondents claimed that they were leading a social enterprise, many businesses’ mission was linked with having a positive influence on their community such as installing solar panels, providing micro-loans to entrepreneurs or offering feminine hygiene products. It is, therefore not surprising that eleven respondents name the creation of impact as one of their main motivators.

“What motivates me is whenever I see people [having light], their houses are lit, their companies or institutions are lit I feel satisfied. That satisfies me. It motivates me to keep on doing that because I see the social and environmental impact.”

- Male, Tanzania, Solar System Installation

“Firstly, there are a lot of poor farmers, local farmers, that produce this raw material. Secondly, we came to realise that there is a lot of waste. That is why we wanted to work with it.”

- Male, Kenya, Banana Processing Company

Both themes were discussed by a higher percentage of the Kenyan interviewees, especially with regard to intrinsic values which were named in seven out of eight interviews. A slight gender-specific shift can be identified with regards to mentioning both intrinsic values as one of their motivational factors (86% female compared to 76% male) and impact (71% female compared to 55% male).

Only one female respondent mentioned being motivated by financial measures while four out of eleven male respondents talked about being financially motivated. However, it is important to mention the exact motivation of the respondents, which in all cases regarded financial security, such as escaping unemployment and achieving economic freedom, not profiting beyond basic necessities.

Table 7 shows that some themes were talked about only by respondents of one gender, warranting the assumption towards gender-specific differences existing within the area of motivation. Beyond an individual level, however, this assumption cannot be confirmed. Two motivators can be identified as having the highest importance to the sample. Impact creation and intrinsic motivators were mentioned

	Female	Male	Total
M_Customer	0	2 (18%)	2 (11%)
M_Finance	1 (13%)	4 (36%)	5 (26%)
M_Growth	3 (38%)	2 (18%)	5 (26%)
M_Impact	5 (63%)	6 (55%)	11 (58%)
M_Innovation	2 (25%)	3 (27%)	5 (26%)
M_Intrinsic	6 (75%)	8 (73%)	14 (74%)
M_Lifestyle	2 (25%)	0	2 (11%)
M_Opportunity	2 (25%)	3 (27%)	5 (26%)
M_Organization	0	2 (18%)	2 (11%)
M_Recognition	1 (13%)	1 (9%)	2 (11%)
M_Society	1 (13%)	0	1 (5%)

Table 7 – Gender comparison on areas of motivation (Qualitative)

by the largest number of people within each gender and their importance is comparable across genders with 63%/75% for women and 55%/73% for men respectively. Consequently, the qualitative findings point towards negating the above stated research question as the answers of respondents generally show congruence regardless of gender.

## 4.4 GROWTH INTENTION

*Do female and male entrepreneurs have different intentions to grow?*

### 4.4.1 QUANTITATIVE FINDINGS ON GROWTH INTENTION

Multiple dimensions of growth were measured in the survey in order to explain growth from a broader perspective. To investigate the preferences of growth area for female and male entrepreneurs they were measured separately, starting with the male sample.

MALE ENTREPRENEURS	Growth importance (1-5)	Growth intention <sup>4</sup> (1-7)
Profit	4.19	3.80
Turnover	4.24	3.89
Employees	4.01	2.89
Customers	4.44***	4.18*** <sup>5</sup>
Social impact	4.13	3.94

Table 8 – Males' levels of growth (Quantitative)

The results show that “customers” is the area where male entrepreneurs value to grow within, both in terms of growth importance and growth intention. Statistical comparisons were done between the growth areas in order to see if growth within the area of customers differs significantly from the other variables. The results show that “Customers” is the most important area to grow within for male entrepreneurs on a 99% confidence level. “Customers” is also the area of highest growth intention on a 95% confidence level compared to everything but social impact, where no significant difference can be shown.

The growth variables were tested in the same way among female entrepreneurs.

FEMALE ENTREPRENEURS	Growth Importance (1-5)	Growth Intention <sup>6</sup> (1-7)
Profit	4.67	4.65
Turnover	4.61	4.56
Employees	4.39	3.58
Customers	4.81*	4.76
Social impact	4.56	4.53

Table 9 – Females' levels of growth (Quantitative)

The results for female entrepreneurs show tendencies in the same direction as for male entrepreneurs. “Customers” is the area with the highest means for growth

<sup>4</sup> Note that growth intention is measured in 20% intervals between 0% and >100%.

<sup>5</sup> Significant highest value among all areas but “social impact”

<sup>6</sup> Note that growth intention is measured in 20% intervals between 0% and >100%.

importance compared to the other variables. However, the confidence level is lower with 90%. No significant differences were shown that supports the indication of “customers” to be the highest intended area to grow within.

In order to determine gender differences for growth intention and importance the means for each growth area were compared through an independent samples t-test.

GROWTH IMPORTANCE (1-5)	Female	Male	P-value
Profit	4.67	4.19	0.011
Turnover	4.61	4.24	0.042
Employees	4.39	4.01	0.091
Customers	4.81	4.44	0.042
Social impact	4.56	4.13	0.028

Table 10 – Gender comparison for levels of growth importance (Quantitative)

GROWTH INTENTION <sup>7</sup> (1-7)	Female	Male	P-value
Profit	4.65	3.80	0.019
Turnover	4.56	3.89	0.070
Employees	3.58	2.89	0.044
Customers	4.76	4.18	0.109
Social impact	4.53	3.94	0.130

Table 11 – Gender comparison for levels of growth intention (Quantitative)

The results show that female entrepreneurs tend to value growth higher than male entrepreneurs in all areas. No significant differences were found between female and male entrepreneurs regarding growth intention.

<sup>7</sup> Note that growth intention is measured in 20% intervals between 0% and >100%.



#### 4.4.2 QUALITATIVE FINDINGS ON GROWTH INTENTION

Respondents were asked two questions regarding their growth intention, one about specific goals until the end of 2017 and one about their 10-year goals.

As in the section on motivation above, impact was mentioned multiple times, with nine respondents talking about it in the growth section, it is the second most discussed topic. While the gender balance is tilted towards a higher level of focus by females on impact within the motivation and success topics, among the nine respondents within growth, six were male and only three female.

“To expand my company. To see it grow. Expand into retail, a new territory. [...] I want to employ more poor people.”

- Female, Kenya, Supply Business

“My thinking is to produce a solution [...] for these people. Whereby they come with their recipes and their knowledge and [we have] prepared machines, has prepared the packaging, a facility, has prepared the licensing and the people are paying a very small amount to produce their own products.”

- Male, Tanzania, Construction

“... my goal is to try to train young engineers in order for them to understand entrepreneurship.”

- Male, Tanzania, Engineer

	Female	Male	Total
G_Customers	0	6 (55%)	6 (32%)
G_Employees	3 (38%)	2 (18%)	5 (26%)
G_Finance	0	5 (45%)	5 (26%)
G_Growth	7 (88%)	10 (91%)	17 (89%)
G_Impact	3 (38%)	6 (55%)	9 (47%)
G_Improve	1 (13%)	5 (45%)	6 (32%)
G_Personal	1 (13%)	1 (9%)	2 (11%)
G_Recognition	3 (38%)	2 (18%)	5 (26%)

Table 12 – Gender comparison on areas of growth (Qualitative)

The theme that occurs most often within this question group is general growth including expansion and will be discussed in more detail in the following section on performance.

The data in Table 12 shows the different themes identified by the authors split up by gender. Three themes that stand out are “Customers” and “Finance” as they were discussed by half of the male respondents but none of the females and “Improve” which also has a significantly higher amount of male responses. Employees and Recognition on the other hand is discussed by a higher percentage of women than men. Leaving out the general aspect of growth which will be discussed in the next section; these findings point towards the existence of gender-specific differences in growth intention.

## 4.5 PERFORMANCE

*Do male-led businesses outperform female-led businesses in traditional success measures (i.e. number of employees, growth, geographic expansion)?*

### 4.5.1 QUANTITATIVE FINDINGS ON PERFORMANCE

To answer the question it was broken down into different parts where comparisons were made between performance of female and male entrepreneurs.

Geographic expansion was measured based on numbers of employees and number of countries of operation. The means were compared as well as the means of numbers of employees in order to identify gender differences regarding size of the businesses led by females and males.

	Female	Male	P-value
Number of employees	67.8	54.1	0.533
Number of branches	3	2.5	0.344
Number of countries operating in	1.3	1.7	0.273

Table 13 – Gender comparison of performance indicators (Quantitative)

No significant difference can be seen between the size of female and male-led businesses in terms of size measured by number of employees and geographic expansion.

The growth variables were consolidated into indices for growth importance, growth intention and estimated past growth.

	Female	Male	P-value
Index - Growth intention <sup>8</sup> (1-7)	4.43	3.75	0.027
Index - Estimated past growth <sup>8</sup> (1-7)	3.18	2.96	0.392
Index - Growth importance (1-5)	4.61	4.20	0.014

Table 14 – Gender comparison of growth indicators (Quantitative)

For the indices of importance, intention and past performance combining all growth areas (employees, profit, turnover, customers, social impact), significant differences could only be seen for growth importance and growth intention and not actual growth. Female entrepreneurs have higher indexed growth intention and they value growth higher than male entrepreneurs.

#### 4.5.2 QUALITATIVE FINDINGS ON PERFORMANCE

As mentioned above, the most often mentioned theme when asked about plans until the end of 2017 as well as the company's 10-year plan, was general growth. Except for two interviewees, everyone talked about expanding their operations either by opening more physical locations, diversifying their offering or increasing production capacities.

“I have a specific sales target that I have. But I also have specific expansion plans for the next year. [...] My short term goal is to make money. Because I need that money to scale up. I need that money to reach everyone. [...] I want to make more money so I can invest the same money into the company.”

- Male, Tanzania, Solar Panel

<sup>8</sup> Note that the data for growth during 2016 have low reliability since the respondents showed confusion.

“We are in a growth phase. So essentially, everything, all our activities, strategy, is looking at growing.”

- Male, Kenya, Betting Company

One common topic within the growth theme was expansion beyond Kenya. Most respondents focused their growth on neighbouring countries such as Uganda, Rwanda or Ethiopia but some even talked about larger plans. The execution was planned either by physical expansion, strategic partnerships or by receiving work from international clients.

She: “I think for us it is to grow the size of the projects that we work on. And also to hopefully establish a few international projects.”

He: „We would love to get work outside of Kenya.”

- Female and Male, Kenya, Marketing Agency

“We want to have branches. [...] To establish ourselves as an international interpretation company. We want recognition. We want to enter into international recognition where we can compete internationally.”

- Male, Kenya, Translation Institution

Although the qualitative data gathered gives an insight into the aspects mentioned within the question on performance such as physical expansion and general growth intention, a gender-specific difference regarding the strength of their intention or the level of planned growth could not be identified. Therefore, answering the research question attributed to this section is solely based on quantitative data.

## 4.6 SUCCESS DEFINITION

*Do female and male entrepreneurs define success differently?*

### 4.6.1 QUANTITATIVE FINDINGS ON SUCCESS DEFINITION

The question was intended to be answered by comparing indices based different areas of success components. However, since the Cronbach's alpha showed a low reliability between the variables it was decided to not create indices. Therefore, since the data contains other measures of success definition, the correlation between the statement “I feel like I am running a successful business” and the estimated performance (self-estimated level of growth) 2016. The correlation

indicates if the actual (self-estimated) growth has something to do with whether the entrepreneur feels successful or not.

CORRELATION WITH ESTIMATED PAST GROWTH <sup>9</sup>	Female	Male
Profit	0.488***	0.182
Turnover	0.437**	0.167
Employees	0.385**	0.255**
Customers	0.528***	0.069
Social Impact	0.373**	0.178

Table 15 – Gender comparison of correlation between success and estimated past growth (Quantitative)

\*\*\* Significant correlation at a 99% confidence level

\*\* Significant correlation at a 95% confidence level

The results show a significant correlation for females between the growth rates for all areas and the perception of the business success. The only significant correlation for male entrepreneurs was between the success statement and the growth rate of employees. A tendency towards a different definition of success between female and male entrepreneurs can therefore be identified.

In order to see if female and male entrepreneurs value financial measures differently the means for the statement “financial measures are the only way to measure success of a business” were compared.

	Female	Male	P-value
Financial measures are the only way to measure the success of a business (1-5)	2.64	2.97	0.248

Table 16 – Gender comparison of agreement with statement on finance as success measure (Quantitative)

<sup>9</sup> Note that the data for growth during 2016 have low reliability since the respondents showed confusion.

No significant difference was shown between the levels of agreement with the statement. Not enough data was gathered to answer the above stated research question confidently. It is, however, worth noting that since the correlation between the statement of success and performance were significant for females but not for males, a tendency towards different definitions can be seen.

#### 4.6.2 QUALITATIVE FINDINGS ON SUCCESS DEFINITION

The two most often pointed out themes when asking respondents to define what success is to them are fulfilling intrinsic values and creating impact. This coincides with the findings described in the first section on motivation.

The 12 respondents that mentioned intrinsic values spoke mostly of the happiness that their business and the effect it has on others brings them on a daily basis. Realizing their dream, feeling pride and proving their model were often used phrases.

“I would define success as something that makes you happy, that motivates you and gives you that drive all the time to do what you like. And also when the people who are working with you are happy, I would also call that a success.”

- Female, Kenya, Restaurant

“I’m not a materialist, so my success is when I believe in the things I do. [...] My happiness comes from when I do something and manage to innovate something.”

- Male, Tanzania, E-Learning Software

“Getting that positive feedback from my clients makes me happy. You cannot measure but it means something to me.”

- Female, Tanzania, Micro-Finance Bank

Creating impact was seen as a success measure by nine respondents. The sort of impact mentioned ranged from creating employment or by providing better products to educating and inspiring other people in their community. It became clear when looking at the interviews as a whole, that almost everyone talked about impact in some shape or form and expressed the wish to create it in the future or increase the current level of impact on society, their community or the environment.

“... when I have gotten that knowledge, I want to help my fellow women, especially those in the villages. If I do that, and I make sure they become somebody, for myself that will be a success.”

- Female, Tanzania, Food Processing

“Success to me is basically the impact that I have on the society. So the more impact I have the more successful I count myself to be [...] the more people I reach the more successful I am.”

- Male, Tanzania, Solar Panel Installation

	Female	Male	Total
S_Customers	0	1 (9%)	1 (5%)
S_Employees	1 (13%)	0	1 (5%)
S_Finance	1 (13%)	2 (18%)	3 (16%)
S_Growth	1 (13%)	2 (18%)	3 (16%)
S_Impact	4 (50%)	5 (45%)	9 (47%)
S_Intrinsic	5 (63%)	7 (64%)	12 (63%)
S_Lifestyle	2 (25%)	1 (9%)	3 (16%)
S_Market Leader	0	1 (9%)	1 (5%)
S_Network	0	1 (9%)	1 (5%)
S_Nonfinancial	0	2 (18%)	2 (11%)
S_Recognition	3 (38%)	1 (9%)	4 (21%)

Table 17 – Gender comparison on areas of success (Qualitative)

It is deemed important to point out that six individuals (four male, two female) talked about success in terms that can be argued to be, and were coded as, traditional measures such as financial security, growth or being the market leader. This number decreases however when looking at the specific statements made: Two respondents talked about success as being economically free and independent and another talked about his business breaking even. While growing profit, turnover or the customer base was discussed by several interviewees, it never came across as an important point in itself but as a means to an end. Several specifically pointed out that they

were not interested in financial profit beyond what they needed to fulfil their basic needs and grow the business to increase their impact further.

Based on the qualitative findings, the corresponding research question is negated. While some themes are mentioned by only males or females, Table 17 shows that in these cases only one or two individuals discussed something within that theme. This is not deemed strong enough to affirm the research question. Additionally, the two themes that the largest number of individuals in each gender independently talked about, namely intrinsic success measures and impact overlap between genders. The qualitative analysis, therefore, points towards rejecting the assumption that gender specific-differences can be identified among entrepreneurs definition of success.

## 4.7 CHALLENGES

*Do female entrepreneurs face different challenges than their male counterparts?*

### 4.7.1 QUALITATIVE FINDINGS ON CHALLENGES

The question group regarding challenges had the largest number of themes with 13, but nevertheless, a strong tendency is shown regarding the most current and potentially hardest challenges faced by the interviewees. 14 respondents mentioned financial challenges, which were often related to getting capital for starting or expanding the business.

“The company started by cash because there was no way I could get a loan. [...] The bank want[s] you to put 110%, so if you are starting a company you have no capital, no assets, so you cannot get a loan. And you cannot get assets. So when I was starting the company I used cash.”

- Male, Tanzania, E-Learning Software

Within both genders the topic was discussed equally. Two female interviewees however, mentioned that they felt discriminated against at financial institutions because of their skin colour or gender. When asked about whether they experienced or expected any challenges, they answered:



“Yes, sometimes to access money. [...] if I go there, I’m sorry to say, but if I’m an Indian businessman or -woman, you are considered first, before me. But for me it could take three to six months even though I have submitted everything. That’s a challenge.”

- Female, Tanzania, Security Company

“There were challenges, mostly financial. Our banks are very interesting, I must put it that way, because for a lady to get [money for] a facility from the bank it is a tall order and at times they will ask for a marriage certificate.”

- Female, Kenya, Restaurant

The second most-discussed challenge, with eleven individuals, regards politics, specifically rules and regulations made by the current governments that hinder the respondents in their operational and strategic goals. The fragile economy was often attributed to mistakes made by former and current politicians which adds uncertainty to the market. While the financial hardship was felt by interviewees in both countries and between genders equally, challenges regarding the government were mentioned more often by respondents from Tanzania as well as in the group of females.

“... right now we have a new government and they have weird policies which [are] completely against the market.”

- Male, Tanzania, Entrepreneurship Training Facility

“We are thinking of opening more branches. But the current economic situation it is not very promising. Political issues are not that stable.”

- Female, Tanzania, Micro-finance bank

Although it was not openly discussed by many during the official part of the interview, the issue of corruption came up frequently during the field research. One respondent put it as follows:

“I think you know the current issue in Kenya with corruption. [...] You have to bribe someone to get things done. It doesn’t matter if you have the right skills. In Kenya you have to know someone to get things done.”

- Female, Kenya, Supply Business

Three of the respondents answered to at least one of the questions regarding challenges that they do not see any and another two saw only challenges regarding themselves and their own execution.

	Female	Male	Total
C_Customers	1 (13%)	2 (18%)	3 (16%)
C_Employees	4 (50%)	4 (36%)	8 (42%)
C_Finance	5 (63%)	8 (73%)	13 (68%)
C_Growth	0	3 (27%)	3 (16%)
C_Lifestyle	1 (13%)	1 (9%)	2 (11%)
C_Market	2 (25%)	2 (18%)	4 (21%)
C_Marketing	0	2 (18%)	2 (11%)
C_None	1 (13%)	1 (9%)	2 (11%)
C_Organization	3 (38%)	5 (45%)	8 (42%)
C_Politics	5 (63%)	6 (55%)	11 (58%)
C_Society	2 (25%)	1 (9%)	3 (16%)
C_Technology	1 (13%)	2 (18%)	3 (16%)

Table 18 – Gender comparison on areas of challenges (Qualitative)

As can be seen in table 18 the gender balance within most of the themes is fairly equal except for Marketing and Growth which are only discussed by two and three males respectively. One aspect that was mentioned solely by female respondents was the aspect of discrimination by financial institutions. Nevertheless, the qualitative findings show a tendency towards negating the question, as the majority of challenges mentioned are faced by individual equally, regardless of gender.

## 4.8 SUMMARY OF RESULTS

The analysis of the data gathered from interviews generally supports the findings from the quantitative part of the study. The following paragraphs will summarise the findings by topic.

The quantitative findings indicate that both female and male entrepreneurs are more motivated by financial components than lifestyle and recognition. In a direct comparison, females are significantly more motivated by lifestyle factors than males. Intrinsic motivators and impact are most often mentioned by interview respondents of both genders. The qualitative findings also indicate that financial motivation, although existent, regards only fulfilling basic financial needs.

Regarding growth, tendencies from the quantitative data show that “Customers” is the most important growth area and also the area where planned growth is highest. The results are only significant for males but shows tendencies in the same direction for females. The qualitative findings support the quantitative tendency that men plan to grow strongly in the area of “Customers”. Women, however, did not talk about customer growth during the interviews. The strongest growth aspect regardless of gender is “Impact”.

No quantitative results showed differences between performance for male and females, other than for growth intention. The same can be said after analysing the qualitative data. Every respondent mentioned expansion in a variety of areas but not gender-specific differences were identified.

Quantitative data show tendencies towards different success definitions among females and males. However, the intended analysis could not be made, whereas qualitative data need to be relied on, which did not show any differences in terms of success definition among female and male entrepreneurs. Respondents of both genders defined success mostly with terms that were coded as “Impact” and “Intrinsic”.

The challenge that most men and women talked about during the interviews concerned access to finance and issues with the government. No gender-specific differences were identified beyond the description of discrimination by two female respondents.

Looking at the results across topics, additional insights were gathered. First, it was found that “Customers” were mentioned by male respondents within the questions on success, motivation and growth without one female respondent talking about it in any section. Second, respondents across both genders put strong emphasis on intrinsic values within the sections on motivation and success definition. Finally, impact was mentioned by every interviewee at some point during the interview.

## 4.9 ADDITIONAL FINDINGS

Within the qualitative section of the study it can be identified that individuals that mention the importance of impact in one of the question groups are likely to repeat this topic throughout the interview. Out of the 19 interviewed individuals, four named impact in some shape or form across questions on growth intentions, motivation and success definition. Five respondents talked about it in two sections and another three mentioned it in only one section but either across multiple questions within that section or by naming multiple types of impact such as supporting family financially and focusing on education or reducing food waste and creating employment. An even stronger correlation can be found between motivation and success definition within the intrinsic theme. Out of the 15 respondents that were identified as talking about intrinsic values in either section, eleven mentioned it in both, often repeating or rephrasing what they had mentioned before. It should be brought to the reader’s attention that the question regarding short- and long-term motivation was asked directly after enquiring about the respondent’s definition of success which might have created unintended pressure towards the respondent to match his or her answers. In hindsight, it has become clear that ordering the questions differently could have resulted in a different outcome for some of the respondents.

## 5. DISCUSSION

*In the beginning of this last chapter the results which were presented above are discussed as well as the contribution this study has within the research field followed by concluding remarks. The critical reflection includes a discussion of limitations within the research, method and data. The chapter ends after reviewing practical implications and giving suggestions for further research.*

### 5.1 GENERAL DISCUSSION AND CONTRIBUTION

Based on the conflicting opinions about gender equality within the field of entrepreneurship and the small body of existing research on entrepreneurship in developing countries with a gender perspective, the authors believed it to be important to conduct and publish this study as it combines all three aspects. The motivation behind this piece of work was to investigate whether gender-specific differences exist among entrepreneurs of SMEs in East Africa within the areas of motivation, success definition as well as growth and performance.

The results of this study, as described in the section above, could often not answer the questions, which were created based on existing research, in the affirmative. Findings were either inconclusive due to limited data availability or because the results discovered based on qualitative data and the results found through quantitative data collection did not concur. Nevertheless, it is believed that the analysis of the data in the section above as well as the following discussion are of interest to the reader and generates valuable insights for the academic community, hence reducing the research gap in this field.

Research within this field often applies the assumptions that male-led businesses not only outperform female-led businesses based on traditional measures but also that there are more registered companies owned by men than women. While the latter was not investigated within this study, the findings do show a tendency towards female-led businesses within this sample performing at least equally to

their male counterparts which would consequently renounce the former assumption. This finding is especially surprising, considering that the women within the sample were younger and owned their business for a shorter amount of time than did men. This could lead to the assumption that female-led businesses would outperform male-led ones if business age was accounted for.

On a general level, this paper adds to the existing body of research that can neither confidently confirm nor deny the existence of gender-specific differences within the context of the study. The use of a qualitative data collection method in form of semi-structured interviews, however, allowed the authors to explore why entrepreneurs act in certain ways instead of solely getting answers to pre-existing questions. Interviewees often elaborated extensively on the challenges they faced and the reasons behind their motivation to start and continue their business despite of them. Besides creating context for this piece of work, the information shared by the entrepreneurs led to the identification of new areas of interest to the research community which will be discussed in the final section of this chapter.

There are several potential reasons as to why gender-specific differences could often not be identified or were not as strong as previously projected. First, the sample frame was set fairly wide in order to be able to get enough respondents for the study. It is therefore possible that the results would have been more conclusive if factors such as demographics besides gender, geography or business characteristics were accounted for. One specific aspect that could not be determined due to the high variety among the sample regarding industries was the effect of the female ghetto as described by Kalleberg and Leicht (1991) during the literature review. Achieving both a broad picture as aimed for in this study and more specific findings according to aforementioned characteristics would have only been possible with a much larger sample size.

One general aspect that was identified was that women score higher than men on most questions whether measured by a Likert Scale or in brackets within the section on estimated past growth and growth intention. One possible explanation with

regard to the section on growth is that the women in the sample have experienced higher entry barriers and more challenges leading up to the completion of the questionnaire than their male counterparts. While the male sample consists of business owners with a wide range of growth intentions, the female sample consists only of the ones with high growth motivation as this helped them to surpass challenges in the past. It is interesting to remind the reader, that when asked about growth in the past, female-led businesses scored similar on average as male-led ones.

Although not part of the original research questions, it was intended to investigate whether women's business performance was influenced by their household duties as found by Cliff (1998). The respondents were therefore asked to indicate not only their marital status and whether they have children or not, but also if they are the primary caretaker of their children or someone else within their community. Finally, they had to indicate the average amount of hours spent on household activities, including childcare, per week. The authors decided not to analyse the collected data for a number of reasons. First, it was discovered that respondents were highly unsure of the amount of hours they spend on household activities. Some mentioned to only work around the house on the weekend and entered amounts such as 40 to 50 hours. Additionally, the definition of being someone's "primary caretaker" was misunderstood in almost every case when the authors were present during the filling in of the questionnaire. This strongly reduces the reliability of the collected data. Secondly, although not specifically stated in the questionnaire, it became clear that a considerable amount of people that are part of the middle or upper class employ maids and other personnel which decreases their responsibilities and time commitment outside of work significantly. With such a different environment compared to that in Canada where Cliff (1998) conducted her research, it seemed unreasonable to analyse the data any further.

While previous research often found gender-specific differences with regard to success definition, mostly regarding women putting less importance on financial success measures than their male counterparts (Cliff, 1998), the findings of this

study cannot confirm such a statement. With the quantitative findings indicating the existence of gender-specific differences and the qualitative findings pointing towards equal success measures, the interviews did show one aspect clearly: Financial components had little importance for male and female entrepreneurs. Instead, respondents of both genders defined success by the impact they had on the community and their inner happiness; motivators typically attributed to women.

Out of the three determined areas for motivation within the quantitative section, namely financial, lifestyle and social recognition, it was determined that both male and female entrepreneurs are mostly motivated by financial aspects. The qualitative data showed, however, that financial motivators were mentioned by few respondents and seemed to have less significance than other areas such as impact and intrinsic motivators which were not studied within the questionnaire. Not only are these insights valuable on a content level but they also show the strength of conducting mixed-method research. In this specific case, the conclusion based on solely quantitative data would have been that the majority of entrepreneurs are motivated by financial aspects regardless of gender. Adding information gathered through open-ended questions in which terms such as profit and turnover were never used, and finding that very little importance is given to these financial motivators is believed to be one of the most valuable aspects of this paper's methodology.

One insight that would not have been identified without conducting research on site regards challenges of the entrepreneurs. As mentioned before, data on challenges was solely gathered through qualitative research as it was not part of the original research questions. While most interviewees named one or two challenges specific to their current situation, problems regarding the access to capital as well as unfavourable rules and regulations from the government were two overarching topics. It appeared that in both Kenya and Tanzania, political, economic and financial aspects were strongly interlinked. One respondent spoke about his fear regarding the current government as he expected their ruling to not only affect his business directly but lead to international organisations decreasing their investment in the



country. Consequently, the economy would suffer, ease of access to finance would decrease and business performance would slow down, according to the respondent. Topics discussed within the challenge questions showed little variance between genders. The only aspect that was mentioned solely by women is their feeling of being discriminated against at financial institutions. The assumption that women and men do not have equal access to capital was discussed in the beginning of the paper. Although not representative, the findings point towards confirming the original assumption of Buttner and Rosen (1989), based on Hisrich and O'Brien (1982) that a gender bias within financial institution exists.

The final point regards the overall picture painted by both the quantitative and qualitative data collected. Considering that owning and operating a business is traditionally attributed with growing turnover, reducing costs and increasing profit, it is impressive that these topics played a minor role for respondents when talking about their company and themselves. The one topic that respondents, regardless of gender, agreed on was the importance of impact. As described in the section on additional findings, impact within motivation and success definition were closely interlinked but impact was also mentioned when respondents talked about intentions to grow. It is deemed an important finding that all 19 respondents talked about the current impact they have, including how happy this makes them, and/or their plans to create impact in the future. Areas included education, environmental protection and employment creation as well as generally working towards reducing poverty and improving the region's economy.

It is expected that the content of this paper not only aids to reduce the research gap on gender-specific differences among entrepreneurs in developing countries but also gives valuable insight to future researchers looking to conduct a field study in East Africa with regard to methodological obstacles. Additionally, it is believed that other parties can benefit from the findings presented and discussed above. First, current entrepreneurs that are either active in the region or are planning to expand to East Africa. Several people that were approached during the field research showed interest in the research and will asked for a copy of this paper once it is

published. Secondly, investors or financial institutions can benefit from the insights gathered to get a better understanding of how gender sometimes affects motivation, performance and growth intention of an entrepreneur as these aspects can influence the risk attributed to investing in a business. Lastly, this paper is aimed at future entrepreneurs who will hopefully recognize themselves in the descriptions of interviewees regardless of gender and can match their aspirations to the findings that there is more to success than growing profit.

## 5.2 CONCLUSION

To conclude the main body of this piece of work, the main research question, as well as the five sub-questions, are answered according to the findings discussed above.

No clear differences between female and male entrepreneurs can be identified in the combined results of qualitative and quantitative data when the results are separated in the initial focus areas of motivation, growth intention, performance and success definition. However, similar findings have been shown in the quantitative and qualitative results. Financial components seem to be one of the most important areas for both genders and can thus be explained as one of the most basic hygiene factor, necessary for survival of all businesses. It can either be defined as a motivational factor or a focus for growth depending on how it is asked. Another focus area, at least for males, is customers. Males seem to have a stronger focus on growing their customer base than females, even though weak tendencies for females going in the same direction can be identified in the quantitative data.

Other results from the study show indications that point in the opposite direction than what can be expected based on previous research. Females show higher growth intention than males; however, no differences in performance can be identified. The challenges that were identified, namely access to finance and governmental regulations not only have negative impact on the individual entrepreneur but exist in a reciprocal relationship with the economy and therewith affect the output of the entire country.

One aspect that did not only show in the interviews but was also witnessed during the time spent on site was the importance that community and social responsibility have for individuals. After analyzing and discussing the findings, it has become clear that leading a business and creating impact seem to be strongly interlinked within the context of this study.

To answer the central research question, differences between female and male entrepreneurs of SMEs in East Africa can be identified; however, not to the extent that was expected based on the pre-existing literature. Additionally, the authors discovered areas in which entrepreneurs acted opposite to what academic research suggests. This applies to both female entrepreneurs, showing attributes or behaviour that is typically described as male as well as male entrepreneurs who act or think in ways that are traditionally female. On a broader scale however, the women and men who participated in this study exhibited more similarities than divergence. In the end we are not as different as you would think.

### **5.3 CRITICAL REFLECTION**

After concluding the data collection, analysis and discussion for this study, two main areas of improvement can be identified.

First, it is believed that the research would have benefitted from a stronger focus on qualitative methods. The environment in which data was collected seemed to be unaccustomed to quantitative data collection in the form of a questionnaire which may have impacted the accuracy and credibility of the data. A better approach would have been to either only focus on semi-structured interviews or apply a mixed-method approach in which quantitative data was collected in person, e.g. by assisting respondents in the completion of the questionnaire in addition to open ended questions.

The second area regards the overall focus of the research topic. While the approach that has been taken is believed to have created a piece of work that gives an insight into a variety of themes that are surely interlinked, focussing on only half of the research questions would have improved the depth of the paper. Consequently, the

research should have investigated either growth and performance or motivation and success to create a deeper understanding of the chosen topic.

### 5.3.1 RESEARCH LIMITATIONS

While the authors aimed at creating a paper that can give insight into gender-specific differences among entrepreneurs across East Africa, limitations in time as well as of financial nature led to a necessary focus on the two largest urban centres in the region for the qualitative section of the study. Even though the questionnaire was available online and was distributed to companies across the regions, the personal networks that were established during the field research and the higher amount of company information available for Kenya and Tanzania led to the majority of respondents operating at least partly in either of these two countries. Therefore, the data gathered is not representative of the region. Additionally, the limited amount of respondents in other countries made it impossible to add a country-specific analysis to the study. As the authors experienced differences between Kenya and Tanzania it is expected that a cross-country analysis would have yielded interesting and informative findings and added another dimension to this piece of work.

### 5.3.2 METHOD LIMITATIONS

As mentioned in the beginning of this section, the authors encountered difficulties regarding the self-completion questionnaires. The preparatory research was conducted to mitigate this risk; however, it is believed that respondents still experienced problems with answering the questions. The general struggles for the subjects who were also interviewed showed this since they filled out the questionnaire in person. Almost no interviewee completed the questionnaire without asking questions to clarify. Some even needed guidance throughout the entirety of it.

A second limitation of the method is seen with regards to the timing of data collection. While the circumstances led to quantitative and qualitative data having

to be collected concurrently, it is believed that the study would have been more focused if it had been done sequential. Analysing the quantitative findings first would have allowed the authors to specify the interview questions and add areas of interest that would have benefited the depth of the overall results and increased the relevance of the findings for the research community.

With all the mentioned learnings from this study, an alternative study method could have been considered. However, intentionally a quantitative method seemed like the best options to be able to draw statistical conclusions from the findings. Considering the struggles reaching enough respondents within the target group, as well as the understanding issues of the survey, another method could have been better suited for the context.

### 5.3.3 DATA LIMITATIONS

Throughout the research period several issues arose with regards to data collection mostly within the quantitative part of the study.

The first limitation is the relatively low number of respondents in the quantitative section. Although the target of 100 answers was reached, it is believed to have benefitted the study if a larger data pool had been available for analysis. This would not only have increased the validity of the entire sample but would especially increase the reliability of gender-specific differences as the female sample size was significantly lower than that of males. A second challenge that was encountered, regards the unwillingness of respondents to share specifics on the financial performance of their company, e.g. in the form of an annual statement. As none of the companies were listed, it was not possible to get access to any financial data which limited the amount of statistic tests performable. Finally, a large share of respondents of the questionnaire operated businesses in Nairobi and Mombasa, Kenya or Dar es Salaam, Tanzania. As mentioned in the section above on research limitations, the data does not represent the population of entrepreneurs in East Africa as a whole but rather that of small and medium-sized business owners in East Africa's largest urban centres.

## 5.4 SUGGESTIONS FOR FURTHER RESEARCH

### *Religion*

It was decided in collaboration with the experts during stage 1 that religion and tribal belonging would be left out of the questionnaire in order to prevent that respondents felt uncomfortable. However, in three out of the 19 interviews, the interviewees mentioned God as a source of strength or hope. Others thanked God for their achievements so far and prayed for future health or success. All respondents were female, with two operating their business in Tanzania and one in Kenya.

“... I pray to god that by next year I want to be finished. If god wishes and if I get the money. [...] If god gives me good health I am sure I will have my own factory, a big one with a lot of women working in my factory. And it will be known inside and outside of Tanzania.”

- Female, Tanzania, Food Processing

“There will be challenges because you need finances, you need capital to set up, we want to pray or assure ourselves that with the strategic plan it will help us to stand firmly.”

- Female, Kenya, Restaurant

“I quit, I think 2006. I decided to quit my job so that I could work full in my business. And since then I thank God things are moving.”

- Female, Tanzania, Security Company

Outside of the interview setting, a noticeable level of practiced religion was experienced by the authors, specifically in Tanzania. Through talking to entrepreneurs and citizens of Nairobi and Dar es Salaam in general it came across that for many of them the belief in a higher power was an important part of their identity.

The background information given on both countries in the beginning of this study portrayed that the two main religions are Christianity and Islam with the latter having a larger following in Tanzania compared to Kenya. As it was not required of the respondents to indicate their faith, it is unknown which God they referred to and the specifics are of no consequence for the analysis of the data. However, it was

deemed important to be mentioned as the trust in a higher being can affect personal motivation and responsibility. It is therefore deemed of interest to the research community to investigate how strong the entrepreneurs and their businesses are affected by belief and religion and whether the tendency towards religion being more openly discussed by women as discovered in the interviews has significance.

#### *African/ East African Identity*

While the authors tried to refrain from generalizations regarding geography by talking about Africa as a continent instead of a specific city or country, several respondents during the qualitative data collection as well as other people that engaged with the authors during the field research talked about themselves as Africans. Although they recognize their differences both geographically as well as based on tribe, a sense of belonging to the African continent or on a smaller scale, the East African region could be sensed throughout the field research period. While this aspect was unexpected and therewith could not be part of this piece of work, the question arises whether the strong sense of belonging to not a country, religion or tribe but to a region as a whole has an effect on business operations and growth intentions.

#### *Siblings*

During the interview process it was mentioned by several respondents that they felt a sense of responsibility towards their family because they were the eldest son or daughter and often the first or only person so far to get a tertiary education and start a business. While this piece of work was not able to investigate this area further it will be of interest to identify whether there is a correlation between the success of a business and the role/rank of its founder among his/her siblings. Additionally, it could be determined whether this correlation differs in the context of developed versus developing economies or individual versus family oriented societies.

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# APPENDIX

## I. Tables

	Female	Male	Total sample	N
Gender (Q23)	36	70	106	106
Age (Q24)**	38.9	45.1	43	103
Previous experience of running a business (Q8a)	62%	63%	62%	77
Years of experience of running a business (Q8ab)**	12.8	23.4	19.9	46
Years of education (Q12)	17.4	17	17.2	105
Married (Q26)	47%	73%	64%	106
Have children (Q27)	72%	71%	72%	106
Primary caretaker of children (Q27a)	35%	40%	38%	76
Primary caretaker of someone else (Q28)	44%	44%	44%	105
Weekly hours spent on domestic responsibilities (Q29)	29.6	26.2	27.4	100
Professional network index (Q17_1-Q17_4)	4.5	4.5	4.5	106

Table 19 – Descriptive data on quantitative sample

	Female	Male	Total sample	N
Age of business (Q7)**	8.5 (SD 7.8)	16.9 (SD 23.2)	14.1 (SD 19.8)	104
Employees (Q4)	68	54	59	106
Number of branches (Q10)	3	2.5	2.65	106
Number of countries of operation (Q2)	1.3	1.7	1.5	106
Business partner (Q16)	61%	64%	63%	106
Externally financed (Q18)	50%	56%	54%	106

Table 20 – Descriptive data on businesses of quantitative sample

	Female	Male	P-value
Achieving a work/life balance (Q13_5)	4.57	4.22	0.073
Avoiding high stress in my life (Q13_7)	4.34	3.91	0.057
Expanding my professional network (Q13_11)	4.54	4.06	0.041

Table 21 – Individual motivation variables with significant gender differences

Countries of operation (Q2)	N
Kenya	69
Tanzania	40
Uganda	11
Rwanda	8
Zambia	4
Mozambique	4
Burundi	3
Ethiopia	3
Malawi	3
Nigeria	3
Somalia	3
South Sudan	2
Zimbabwe	2
British Indian Ocean Territory	1
Eritrea	1
Mauritius	1
Mayotte	1
Réunion	1
Sweden	1
United Arab Emirates	1

Table 22 – Questionnaire respondents by country of operation

	Employees		Turnover	
	Kenya	Tanzania	Kenya	Tanzania
World Bank <sup>10</sup>	10-300		100,000-15 Mil. USD	
OECD <sup>11</sup>	10-250		2-50 Mil. USD	
IFC <sup>12,13</sup>	10-100	5-99	500,000-800 Mil. KSh (5,000-7.7 Mil. USD)	5-800 Mil. TSh (2,000-350,000 USD)

Table 23 – SME size definitions

<sup>10</sup> World Bank (2003), Small and Medium Enterprises across the Globe A New Database, Policy Research Working Paper 3127

<sup>11</sup> OECD (2005), OECD SME and Entrepreneurship Outlook: 2005, OECD Paris, page 17.

<sup>12</sup> IFC (n.d.), Companion Note for the MSME Country Indicators

<sup>13</sup> IFC (2010) MSME Country Indicators

	Kenya		Tanzania	
	2010	2015	2010	2015
GDP growth (annual %)*	8.4	5.6	6.3	6.96
GDP per capita, PPP (constant 2011 international \$)*	2,538.58	2,901.01	2,111.20	2,510.04
Foreign direct investment, net inflows (% of GDP)*	0.5	2.3	5.8	4.3
Foreign direct investment, net inflows (BoP, current US\$, in million)*	178.1	1,437.0	1,813.2	1,960.6
Net ODA received per capita (current US\$)*	40.45	53.72	64.85	48.26
Unemployment, total (% of total labour force) (modelled ILO estimate)*	12.2	11.3	2.9	2.4
Unemployment, youth total (% of total labour force ages 15-24) (modelled ILO estimate)*	24.1	22.8	5.9	4.9
Ratio of female to male labour force participation rate (%) (modelled ILO estimate)	85.5	86.1	97.2	88.9
Unemployment, male (% of male labour force) (modelled ILO estimate)	10.1	9.3	2.1	1.8
Unemployment, female (% of female labour force) (modelled ILO estimate)	14.6	13.5	3.7	3.2
Urban population (in million)*	9.5	11.8	12.8	16.9
Urban population (% of total)*	23.6	25.6	28.1	31.6
Rural population (in million)*	30.8	34.3	32.8	36.6
Rural population (% of total)*	76.4	74.4	71.9	68.4

Table 24 - World Development Indicators, World Bank Group (2017) Retrieved from <http://data.worldbank.org/data-catalog/world-development-indicators>  
Last accessed 11.05.2017



## II. Survey and Interview Questions

Thank you for participating in our survey today. We are very grateful that you are taking the time to help us out.

For every completed survey we are donating \$1 to a project on Globalgiving.org

We are two Master students from the Stockholm School of Economics in Sweden. We are investigating a variety of factors and their effect on business growth for entrepreneurs of small-and medium-sized businesses in East Africa. This project is done in cooperation with MTI Investment AS, Dr. Pontus Engström and Dr. Neema Mori.

In order to be able to conduct a field study we have received financial support from the Swedish company T3.

This survey will take less than 10 minutes to complete. We would appreciate it if in addition to filling out this survey you could also send us your company's last financial statement. While this would aid us further in our research it is in no way mandatory.

Please feel free to reach out to us at [wida.stockholm@gmail.com](mailto:wida.stockholm@gmail.com) with any questions, concerns or suggestions as well as if you are interested in the final results.

We want to assure you that all of your data is confidential and will only be used for internal purposes. No personally identifiable information is captured unless you voluntarily offer personal or contact information in any of the comment fields. Additionally, your responses are combined with those of many others and summarized in a report to further protect your anonymity.

Figure 3 – Introduction Letter

Q1. Which Industry does the company operate in?

- |  |  |
|--|--|
| <input type="radio"/> Agriculture, forestry and fishing                                    | <input type="radio"/> Administrative and support service activities  |
| <input type="radio"/> Mining and quarrying   | <input type="radio"/> Public administration and defence; compulsory social security  |
| <input type="radio"/> Manufacturing  | <input type="radio"/> Education  |
| <input type="radio"/> Electricity, gas, steam and air conditioning supply                  | <input type="radio"/> Human health and social work activities  |
| <input type="radio"/> Water supply; sewerage, waste management and remediation activities  | <input type="radio"/> Arts, entertainment and recreation   |
| <input type="radio"/> Construction   | <input type="radio"/> Other service activities   |
| <input type="radio"/> Wholesale and retail trade; repair of motor vehicles and motorcycles | <input type="radio"/> Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use |
| <input type="radio"/> Transportation and storage   | <input type="radio"/> Activities of extraterritorial organizations and bodies  |
| <input type="radio"/> Accommodation and food service activities                            | <input type="radio"/> Other please specify _____   |
| <input type="radio"/> Information and communication  |  |
| <input type="radio"/> Financial and insurance activities                                   |  |
| <input type="radio"/> Real estate activities   |  |
| <input type="radio"/> Professional, scientific and technical activities                    |  |

Q2. Which country/ countries does the company operate in? (More than one answer allowed)

- |  |  |
|--|--|
| <input type="checkbox"/> British Indian Ocean Territory            | <input type="checkbox"/> Mozambique                  |
| <input type="checkbox"/> Burundi                                   | <input type="checkbox"/> Réunion                     |
| <input type="checkbox"/> Comoros                                   | <input type="checkbox"/> Rwanda                      |
| <input type="checkbox"/> Djibouti                                  | <input type="checkbox"/> Seychelles                  |
| <input type="checkbox"/> Eritrea                                   | <input type="checkbox"/> Somalia                     |
| <input type="checkbox"/> Ethiopia                                  | <input type="checkbox"/> South Sudan                 |
| <input type="checkbox"/> French Southern and Antarctic Territories | <input type="checkbox"/> United Republic of Tanzania |
| <input type="checkbox"/> Kenya                                     | <input type="checkbox"/> Uganda                      |
| <input type="checkbox"/> Madagascar                                | <input type="checkbox"/> Zambia                      |
| <input type="checkbox"/> Malawi                                    | <input type="checkbox"/> Zimbabwe                    |
| <input type="checkbox"/> Mauritius                                 | <input type="checkbox"/> Other please specify _____  |
| <input type="checkbox"/> Mayotte                                   |  |

Q3. Which type of business do you classify yourself as?

- ☐ Micro-business (less than 10 employees)
- ☐ Small business (between 10 to 50 employees)
- ☐ Medium business (between 51 and 100 employees)
- ☐ Large business (more than 100 employees)

Q4. How many people are working for the business in total?

\_\_\_\_\_

Q5. How high were your sales during 2016?

- ☐ ≤ USD 5,000
- ☐ USD 5,000 - 50,000
- ☐ USD 50,000 - 8,000,000
- ☐ ≥ USD 8,000,000

Q6. Did you found the business?

- ☐ Yes, I am the sole founder
- ☐ Yes, I am a co-founder
- ☐ No

Q7. Which year was the business founded?

\_\_\_\_\_

If you are the founder or co-founder please answer the following questions. If no, then skip ahead to the next marked question.

Q7. Please indicate your level of agreement with the following statements

	Disagree completely	Disagree somewhat	Neutral	Agree somewhat	Agree completely	I don't know
Q7a_1. I founded the company out of financial necessity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q7a_2. I founded the company because I saw an opportunity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q7a_3. I founded the company to create jobs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q7a_4. I founded the company to create social impact	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q7a_5. I founded the company to achieve work/life balance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q8. What is your current role at the business?

- ☐ Chief Executive Officer/ Managing Director
- ☐ Chief Financial Officer
- ☐ Chief Technology Officer/Chief Information Officer
- ☐ Chief Operation Officer
- ☐ Chief Marketing Officer
- ☐ Other please specify \_\_\_\_\_

If you are CEO or Managing Director please answer the following questions. If no, then skip ahead to the next marked question.

Q8a. Did you have previous experience of running a business before this one?

- ☐ Yes
- ☐ No
- ☐ Don't want to answer

Q8aa. How many businesses did you run before this one?

\_\_\_\_\_

Q8ab. How many years of experience of running a business do you have in total including the current one?

\_\_\_\_\_

Q9. How many years of previous experience in the sector/ industry that the company operates in do you have?

\_\_\_\_\_

Q10. How many branches/subsidiaries/stores does the business operate?

- ☐ 1
- ☐ 2
- ☐ 3
- ☐ 4
- ☐ 5
- ☐ 6
- ☐ 7
- ☐ 8
- ☐ 9
- ☐ 10 or more
- ☐ It is solely an online business

Q11. Name the highest form of education you have received

- ☐ Some Primary Education
- ☐ Finished Primary Education
- ☐ Some Secondary Education
- ☐ Finished Secondary Education
- ☐ Some University/College Education
- ☐ Finished University/ College Education
- ☐ PhD

Q12. How many years of education have you received in total?

---

Q13. Please indicate the importance to you of each of the following goals:

	Very unimportant	Unimportant	Neutral	Important	Very important	I don't know
Q13_1. Making my business grow.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q13_2. Increasing the profitability of my business.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q13_3. Earning a good living from the business.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q13_4. Improving my product or service.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q13_5. Achieving a balance between work and family.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q13_6. Spending more time in leisure activities.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q13_7. Avoiding high stress in my life.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q13_8. Making my name known in the community.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q13_9. Building something to pass on to my heirs.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q13_10. Diversifying my range of business activities.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q13_11. Expanding my professional network.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q14. Please indicate your level of agreement with the following statements

	Disagree completely	Disagree somewhat	Neutral	Agree somewhat	Agree completely	I don't know
Q14_1. I feel I am running a successful business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q14_2. Personal satisfaction is more important than making lots of money	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q14_3. Having pride in the job is more important than making lots of money	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q14_4. I am as ambitious now as when I first started the business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q14_5. Having a flexible lifestyle is more important than making lots of money	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q14_6. Giving people a job gives me great personal satisfaction	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q14_7. Being my own boss is more important than making lots of money	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q14_8. I would like to spend more time with my family but I often have to put the business first	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q14_9. As a small business I have a responsibility to the wider community	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q14_10. Making money is the most important aspect of owning my own business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q14_11. Financial measures are the only way to measure the success of a business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q14_12. I think of my business as something that my children can become involved in	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q15. Did the business develop from an incubator?

- ☐ Yes  
☐ No

Q16. Do you have a business partner?

- ☐ Yes  
☐ No

Q16\_a. How many?

\_\_\_\_\_

Q17. Please indicate your level of agreement with the following statements

	Disagree completely	Disagree somewhat	Neutral	Agree somewhat	Agree completely	I don't know
Q17_1. I am personally familiar with successful entrepreneurs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q17_2. In my network of friends and colleagues, there are successful entrepreneurs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q17_3. I regard some of the entrepreneurs I know as role models	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q17_4. Some entrepreneurs I know have been a source of influence for me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q18. Did the business take in external financing?

- ☐ Yes  
☐ No

What kind? (More than one answer allowed)

- ☐ Q18a\_1. Loan  
☐ Q18a\_2. Equity-based Investment  
☐ Q18a\_3. Royalty-based Investment  
☐ Q18a\_4. Grants/ Scholarships

Q19. Are you planning on getting (more) external financing?

- ☐ Yes  
☐ No  
☐ Don't want to answer

What kind? (More than one answer allowed)

- ☐ Q19a\_1. Loan  
☐ Q19a\_2. Equity-based Investment  
☐ Q19a\_3. Royalty-based Investment  
☐ Q19a\_4. Grants/ Scholarships

Q20. How important is growth for your company in the following areas?

	Very unimportant	Unimportant	Neutral	Important	Very important
Q20_1. Employees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q20_2. Profit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q20_3. Turnover	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q20_4. Customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q20_5. Social Impact	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q21. How much have you grown in 2016?

	≤0%	1-20%	21-40%	41-60%	61-80%	81-100%	> 100%	I don't know
Q21_1. Employees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q21_2. Profit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q21_3. Turnover	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q21_4. Customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q21_5. Social Impact	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q22. How much are you planning to grow in 2017?

	≤0%	1-20%	21-40%	41-60%	61-80%	81-100%	> 100%	I don't know
Q22_1. Employees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q22_2. Profit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q22_3. Turnover	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q22_4. Customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q22_5. Social Impact	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q23. What Gender are you?

- ☐ Male  
☐ Female

Q24. Which year were you born?

\_\_\_\_\_

Q25. What is your country of origin?

\_\_\_\_\_

Q26. Are you married?

- ☐ Yes ☐ No ☐ Don't want to answer

Q27. Do you have children?

- ☐ Yes ☐ No ☐ Don't want to answer

Q27a. If you answered yes, are you their primary caretaker?

- ☐ Yes, I spend most time with the children  
☐ No, someone else spends more time than me with my children  
☐ Don't want to answer

Q28. Are you the primary caretaker of anyone besides your children (if you have any)?

- ☐ Yes ☐ No ☐ Don't want to answer

Q29. How many hours a week do you spend on domestic responsibilities including household and child care?

\_\_\_\_\_

Figure 4 – Questionnaire

1. Can you tell us about the business?
2. Why did you found the business?
3. Were there challenges when you started the business?
4. What is success for you? How do you define success?
5. What motivates you?
6. What are your goals until the end of 2017?
7. What is stopping you from achieving it or slowing you down?
8. What are your goals for the next ten years? Where do you see the company?
9. Can you see potential challenges?

Figure 5 – Interview Questions