RISK AND SUCCESS: RE-ASSESSING FEMALE ENTREPRENEURSHIP IN LATE-VICTORIAN AND EDWARDIAN ENGLAND

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Intro

- Entrepreneurship as the way forward
- What kind of institutional support do entrepreneurs need?
- Do different types of entrepreneurs (age; ethnicity; gender) operate differently, hence they need different support?

Intro – the historical debate

- History can help; women as business owner in the past. Do they behave differently from men?
- Still little is known about female entrepreneurship in Britain
- Usually commonplaces
- An original point of view: success measured by levels bankruptcy

Methodology and sources

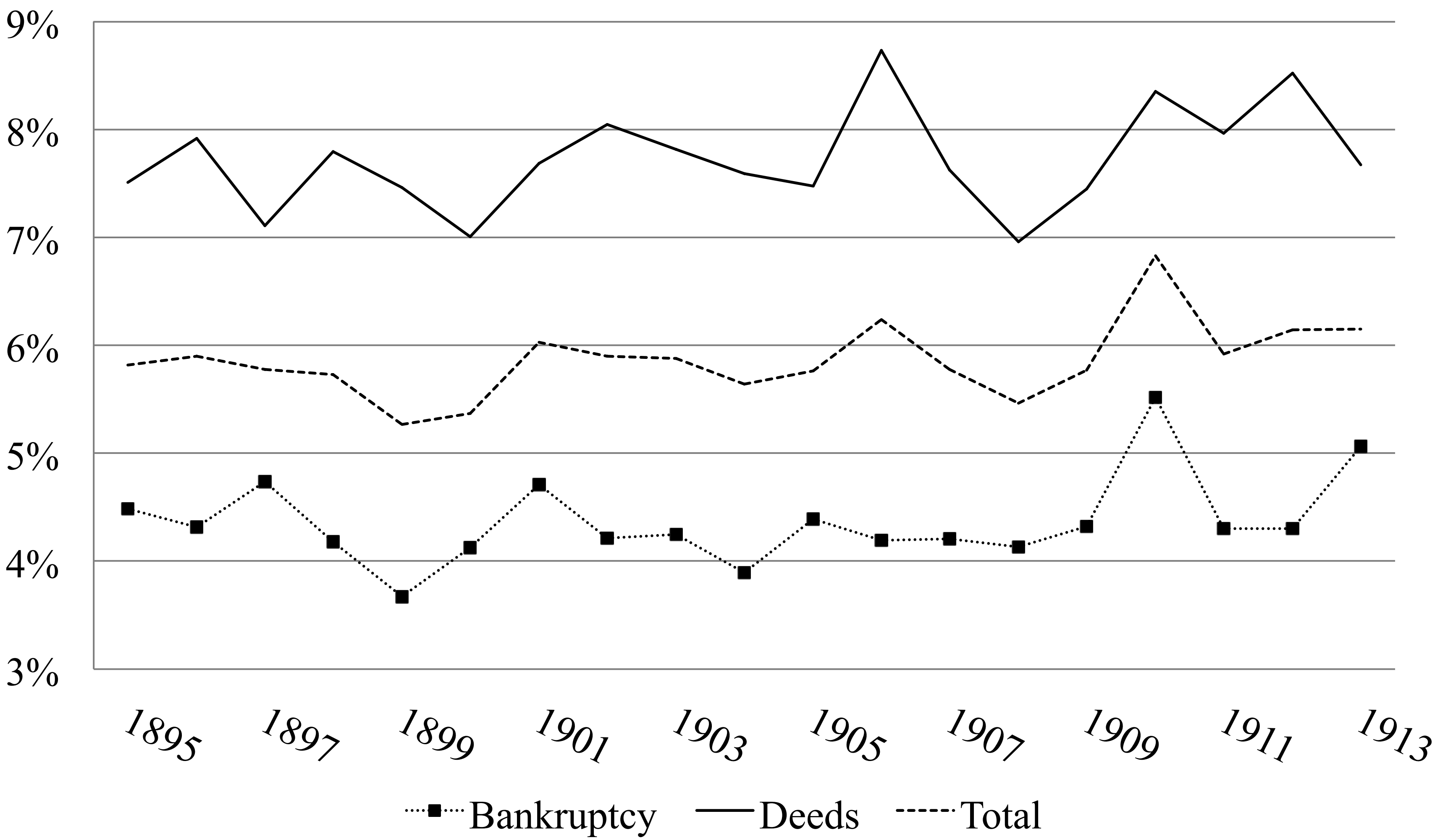
- Bankruptcy as measure of entrepreneurial success: crude but unbiased
- Divide a population of entrepreneurs in two groups homogeneous but for one characteristic and see if they show different abilities to survive
- First we analyse bankruptcies, then we "control" for equal conditions
- Sources: data and info from the Board of Trade Annual Reports; archival files of individual failures

Legal environment

- English law, two devices to deal with bankruptcy: bankruptcy procedure and deeds of arrangement

- Women not trading separately from their husbands could not be declared bankrupted

Number of cases



Ceteris paribus?

- Socio-cultural bias
- Economic bias

Socio-cultural biases

Women as entrepreneurs could have been seen as less competent than men

- Law itself automatically discharged married women, a condition shared only with two other categories: lunatics and children
- The institution (Board of Trade): “the widow, being unacquainted with business matter, either mismanages the business or relies entirely upon others who do so for her, which results in her ultimate failure.”

Socio-cultural biases

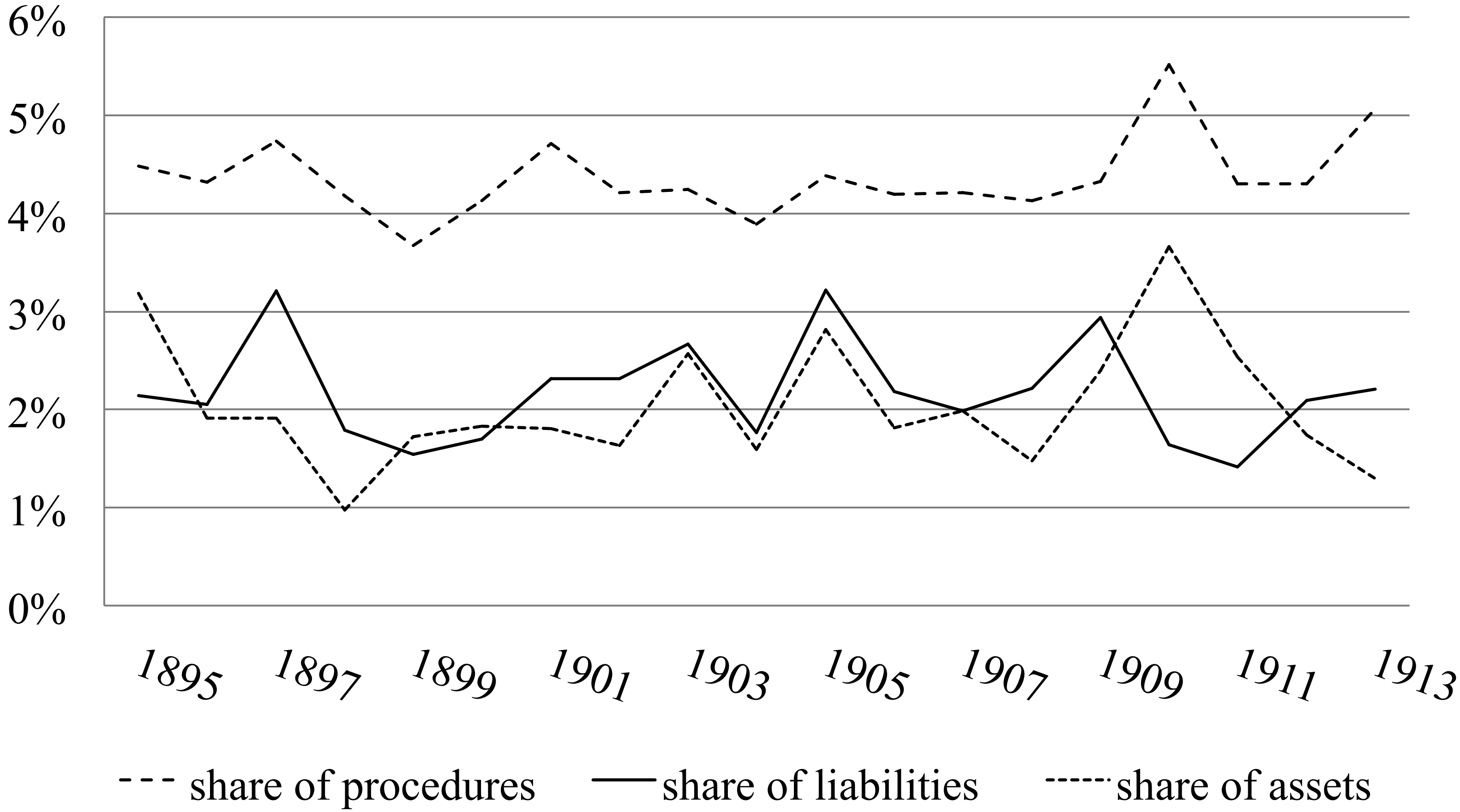
Did it translate into creditors' attitudes?

- Yes, the ratio assets/liabilities for widows, tends to be constantly higher than the average.
- Bankruptcy: the average for women and men was 37% and 39% respectively, but it was 44% for widows.
- deeds of arrangement, where the average was 55% for women and men, but 62% for widows.
- Widows about 35-40% of the total, statistics on female bankruptcies are artificially increased

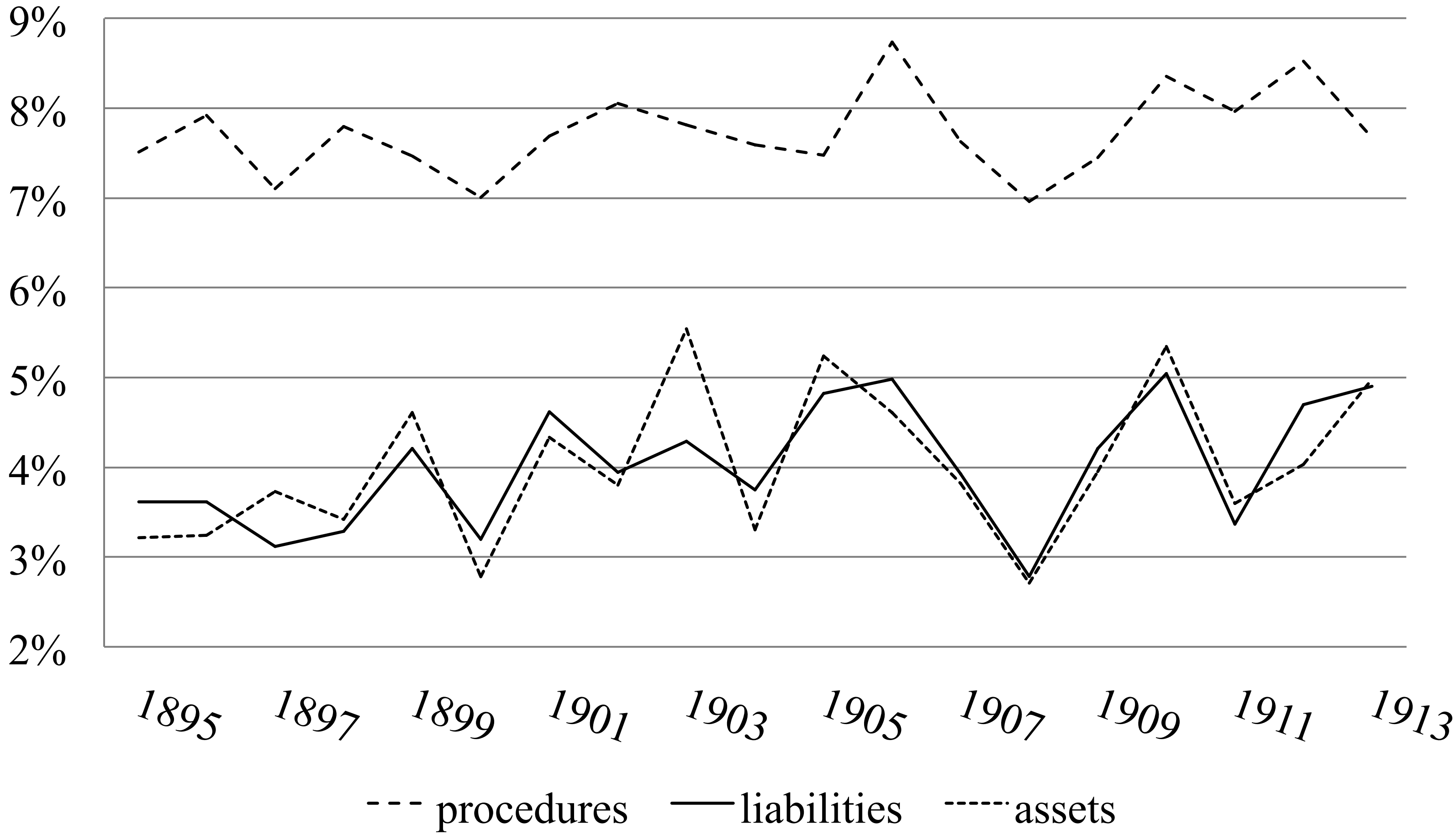
Economic biases

- The issue of firms' size

Size (bankruptcy)



Size (deeds)



9%
8%
7%
6%
5%
4%
3%
2%
1895
1897
1899
1901
1903
1905
1907
1909
1911
1913
procedures
liabilities
assets

Economic biases

- Women operated smaller hence riskier businesses
- Data on bankruptcy therefore underestimate their level of "success"

Economic biases

However, four lines of historical debate argue that, in fact, female entrepreneurs were less exposed to risk

- women did not operate in the 'normal' marketplace but in more sheltered environments
- women were just more risk adverse.
- female business owners were more selective, only women who were naturally 'good' at business could enter
- women traded in 'less risky' industries

Not in the ‘normal’ marketplace

- Small scale meant conservative practices and few local clients
- Creditors belonged to a narrow circle and did not use official procedures to recover credits
- Implications: many failures of women do not appear in the statistics

Not in the ‘normal’ marketplace

The case of Elizabeth Goodchild

- Enormous list of creditors - seventy-one in total, and geographic span
- Trading relationship around her home city of London, but also Manchester, Birmingham, Bradford, Derby, Yeovil, Macclesfield, Belfast and Scotland
- also exchanging products and services with business owners on the continent with creditors from Saxony, Belgium, Austria, France and Holland

Not in the ‘normal’ marketplace

The case of Agnes Esther Relf

- Local nature of debts, and the relatively small value of the monies owed, Agnes’s creditor Jane Davies still chose to utilise official bankruptcy proceedings.
- The person who filed in the petition and brought the proceedings against Agnes was Mrs Jane Davis, a widow who lived less than half a mile from Agnes’s home and had lent her the sum of £5.
- Jane Davies was one of only three creditors whose claim was for ‘Monies Lent’ in the Official Receiver’s Report, with the other two creditors being Agnes’s father Richard and mother Mahala who had lent their daughter £35 and £15 respectively;

Women more risk adverse.

- The examination of the behaviour of women as investors in stocks and shares has revealed that, contrary to the widely held belief that women tended to be afraid of unpredictable financial investments
- They would only speculate in schemes such as the railways which would provide an adequate income for survival if not wild riches
- women were actually far less risk adverse than has been assumed

Women more selected

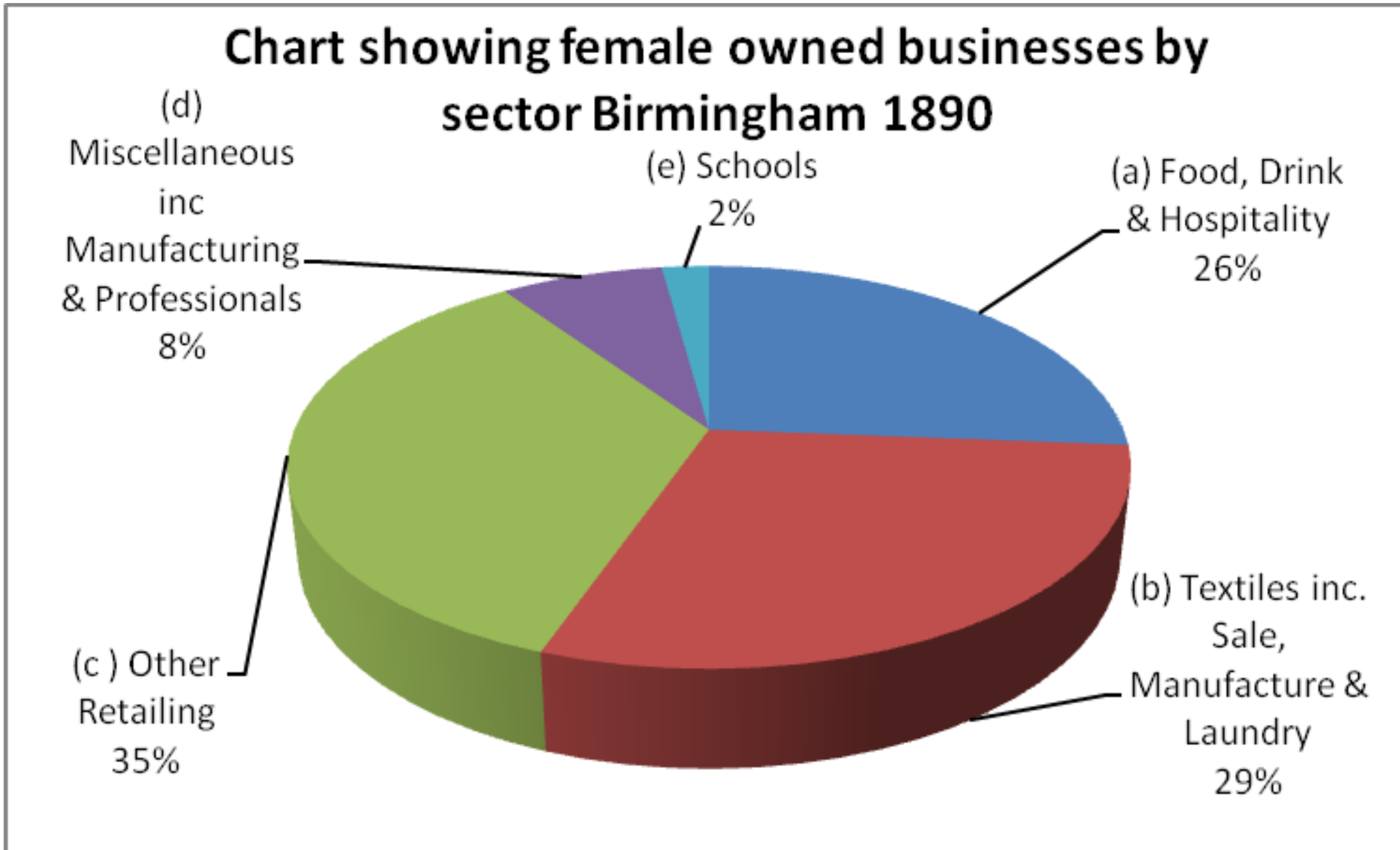
- High share of widows

- Most women in business because of death of a husband or father; therefore by accident of circumstance rather than choice.

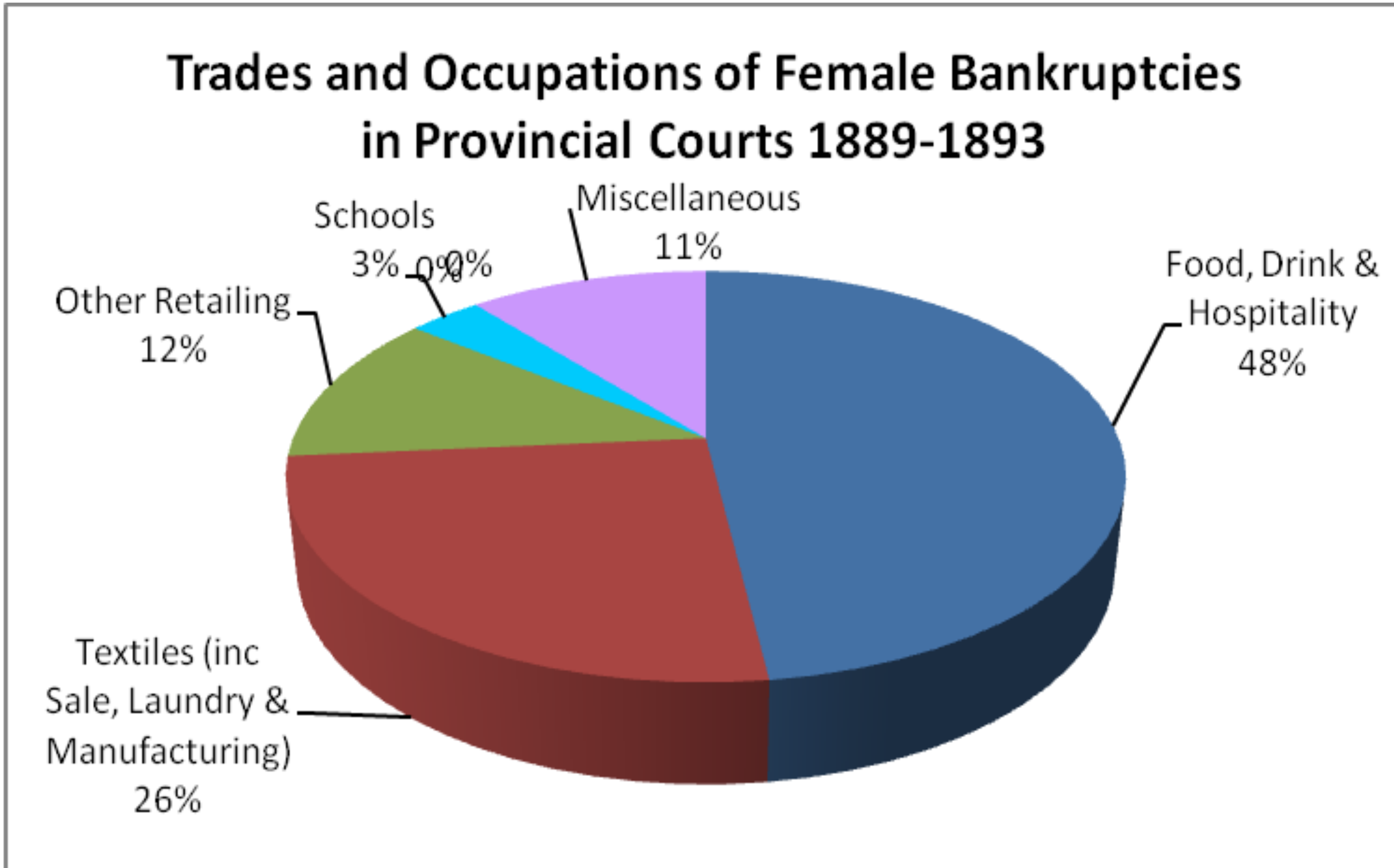
- 57% of our sample cases were judged by the Bankruptcy Courts to have been caused by factors relating to ignorance of business, for example failure to keep accounts.

- women who became business owners were therefore a mixed ability group

Less risky industries



Less risky industries



Less risky industries

- Textile: 29% employment, 26% bankruptcy
- Manufacturing: 8% employment, 11% bankruptcy
- Retailing: 35% employment, 12% bankruptcy
- Hospitality: 26% employment, 48% bankruptcy

Conclusions

Women from Venus men are not?

- Similar approach to business, in terms of risk-taking, managerial practices, selection
- Similar level of success
- If anything, women paid for smaller firms' scale and the socio/cultural attitudes towards them
- Results from sectors' distribution harder to interpret in the light of the state of the art of the research