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CRAFT ENTREPRENEUR'S GROWTH-MOTIVATION – A CASE STUDY OF FEMALE ENTREPRENEURS IN NORTH KARELIA

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ABSTRACT: In Finland the craft enterprises are usually micro enterprises both in terms of turnover and employment. In 2000 14 % of the firms did not have a single full time employee and 64 % employed one person. Furthermore, only 13 % stated that their turnover was over 84 000 euros. A majority of the entrepreneurs turned out, however, to be growth oriented, although they did not seem to want to grow their businesses through employment. A great part of the growth-oriented entrepreneurs were male. The aim of this study was to try to find reasons for the small size of women-owned craft enterprises and why they tend to be small. This was done by examining growth, willingness to grow and factors affecting these matters in the women-owned craft enterprises in clothing and knit work in the area of North Karelia. The population consisted of 54 female-owned craft enterprises. 30 entrepreneurs (56%) responded to the questionnaire. A great majority of the respondents (22 out of 30) turned out to be growth-oriented. But although they wanted to grow they were not willing to hire new employees: growth through employment was the least significant goal in the businesses of female craft entrepreneurs in clothing and knit work in the area of North Karelia. Furthermore, the other traditional indication of growth, the increase in turnover, was rated the second lowest in the overall list of business goals. The two most important goals of the entrepreneurs were to secure a reasonable living and a good quality of life and also a satisfied and loyal clientele. Especially the established entrepreneurs rated these goals on high. The respondents felt that it was important to be able to do what one is good at (87 %) or what one likes to do (70 %) and do it well producing high quality products (87 %) and also do it so that there is time for the family and free time (57 %).

key words: female entrepreneurship, growth, craft entrepreneurship

1. INTRODUCTION

A study of GEM (Global Entrepreneurship Monitor) compared entrepreneurship in 29 different countries. In all of these countries, the entrepreneurial activity rate of women was about a third of that for men. However, female entrepreneurship was still a significant factor in the overall rate: the more female entrepreneurs there were the higher was the rate. (Arenius & al. 2001.) Although the share of female entrepreneurs is fairly low (in many countries it varies from 25 % to 35 % of all entrepreneurs) their number has increased considerably during the last twenty years in several countries. This and a growing interest in small firms have resulted in more and more studies on the relationship between gender and entrepreneurship. (Carter 2000.)

Female entrepreneurs have been compared against their male counterparts in order to discover potential differences between them. A few dissimilarities have been discovered. It is claimed that women regard the opportunity to integrate family and business as a more appealing motivational factor to enter self-employment than men, whose primary motivation is the desire to be independent. Some studies also show that women have more trouble with finances. (Borooah & al. 1998.) Moreover, there are studies that show that female entrepreneurs under-perform in terms of sales turnover, number of employees,

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capital assets and range of markets (e.g. Rosa & al. 1996). This is explained by motivation and the criteria women use to measure their success. These criteria tend to be more subjective than economical. (Carter 2000.)

On the other hand there are studies that have arrived at contradictory results (Ahl 2002). According to Chell and Baines (1998), there is no statistically significant difference in the performance (in terms of turnover and the number of employees) of female sole-owned and male sole-owned businesses in the business service sector. Furthermore, there did not seem to be any difference between men and women in their desires to separate or integrate business and family. All in all, personal characteristics, the start-up and running of a business and the influence of the environment seem to be very similar for both male and female entrepreneurs. But there are still certain factors the researchers agree upon regarding differences between female entrepreneurs and their male counterparts: women tend to start businesses in sectors of female dominance (e.g. retail and service) and their firms seem to be small. (Ahl 2002.)

The aim of this paper is to try to determine reasons for the apparent fact that women-owned businesses are small and why these businesses do not seem to grow. This study focuses on female craft entrepreneurs working in clothing and knit work in the province of North Karelia, Finland and investigates the growth of their businesses, their attitude towards growth and factors affecting these matters. Growth, here, is measured in terms of turnover and employment.

First of all, one should clarify craft entrepreneurship. The majority of craft entrepreneurs are women. Most of them have been educated in arts and crafts schools or colleges, where they are often, however, not given enough information about entrepreneurship. (Kovalainen 2002.) Yet, in many cases, entry into self-employment frequently seems to be almost the only way to earn a living in the field of one's education (Matomäki 2002). One of the biggest motivational factors that drives one towards entrepreneurship seems to be job satisfaction and a desire to create something new. The craft entrepreneur places emphasis on independence, and self-employment is often perceived as both a way and a source of living. (Läpäperi 1989.)

In Finland, the craft enterprises are usually micro-enterprises both in terms of turnover and employment. In 2000, 14 % of the firms did not have a single full-time employee and 64 % employed only one person. Furthermore, only 13 % stated that their turnover was over 84 000 euros. A majority of the entrepreneurs turned out, however, to be growth oriented, although they did not seem to want to grow their businesses through employment. A great part of the growth-oriented entrepreneurs were male. (Käsityöyritysten tila ja kehitys. Vuoden 2000 barometri. see Äyväri 2002 and Kovalainen 2002.) Craft entrepreneurs do not necessarily measure their success through economical factors but through product quality, respect of customers, image, and the familiarity of the business (Johnsson & Äyväri 1996.) To summarise, one might say that success in craft enterprises means that the entrepreneur earns his/her living from the business (Matomäki 2002).

2. IN SEARCH OF A GROWTH ORIENTED ENTREPRENEUR

In the 1970s, many researchers were interested in finding characteristics and background factors, which are typical of entrepreneurs. At the same time they wanted to make a

distinction between successful and less-successful entrepreneurs. As a result, they defined the following to be typical and ideal for an entrepreneur: a need for achievement, locus of control, independence, tolerance of uncertainty, an ability to take risks, a mental ability for achievement, creativity and initiative. This kind of an approach has been criticised for the fact that these qualities are not especially unique entrepreneurs, but are present in any person who is active, has initiative and takes responsibility in different situations. Moreover, it has been noted that these characteristics can change and that a situation strongly affects on how a person behaves. (Laukkanen 1999.) However, in this paper a few personality-dominated approaches are presented in order to obtain a better understanding of the features researchers have placed on growth-oriented and non-growth oriented business owners.

Some researchers make a distinction between ‘an entrepreneur’ and ‘a small business owner/ manager’. A small business owner strives towards personal goals and connects business activities to the wants and needs of the family. On the contrary, an entrepreneur concentrates on maximising profits, growth and on being innovative. (McKay 2001.) According to Davidsson (1989), a small business owner has to actively pursue change to be classified as an entrepreneur.

Smith’s (1967, see Koskinen 1992) opportunist, Stanworth and Curran’s (1986) classical entrepreneur, Haahti’s (1992) renewer and Goffee and Scase’s (1985) radical and innovative female entrepreneurs are examples of growth-oriented entrepreneurs. The opportunist and the classical entrepreneur are quite similar. They both strive towards business growth, profit maximisation and profitability. They want to be leaders. The innovative female entrepreneur differs from these types in that she does not place importance on leadership. Instead, she wants to maintain a lifestyle and be innovative. The renewer is also innovative and, like the radical female entrepreneur, he/she places emphasis on personal goals.

Smith’s (1967, see Koskinen 1992) craftsmen entrepreneur and Goffee and Scase’s (1985) domestic and conventional female entrepreneurs are examples of those business owners who have a negative attitude towards growth. The craftsmen entrepreneur does not want to grow because he/she does not want to be regarded as a manager. He/she places emphasis on independence, as does the domestic female entrepreneur, who also strives towards personal goals. The domestic and conventional female entrepreneurs are similar in that the family also plays an important role in business decisions. According to Goffee and Scase, a majority of self-employed women are either domestic or conventional entrepreneurs.

3. MODELS OF GROWTH

The aim of growth models is to describe the growth process and to identify typical features that make growing firms stand out from other enterprises (Deakins 1999). Life cycle models offer a very common way to examine a growth process. They describe the process with an s-curve, which indicates the progress of a firm from one growth stage to another. (Virtanen 1999.) The organizational activities and structures change as the firm progress. Researchers are not unanimous on how many stages there are in this process, but four primary stages seem to be typical for them all: a start up or entrepreneurial stage, a growth or expansion stage, a domain protection and/or expansion stage and a stability stage. (Dodge & Robbins 1992.) Some researchers claim that a firm moves from one stage to another through crisis (Virtanen 1999; Deakins 1999), but there are also models where there do not seem to be any triggers that initiate change (Deakins 1999).

The life cycle models have been criticised because of their assumption that if a firm does not grow it will automatically die. Many of the models also claim that the order of the stages is very stable. A firm cannot go backwards or skip a stage. The critics have also pointed out that these models do not offer explanations as to why a firm shifts from one stage to another. (Snuif & Zwart 1993.) The life cycle model of Churchill and Lewis (1983) counters this criticism. In their model, a firm can stay permanently in one stage without dying. Furthermore, a firm can also move backwards during the process.

Davidsson (1989) has developed a model where growth is not seen as a process but a result that is affected by different growth factors. The most significant factor in growth, according to Davidsson, is growth motivation. This is determined by how the entrepreneur sees his/her ability, need and opportunity to grow. Ability factors are related to education and to the experience an entrepreneur has gained from the sector, leadership and entrepreneurship. The age of the entrepreneur and his/her enterprise, the size and the profitability of the firm form need factors. The structure and the innovation level of the sector, the barriers to entry and the growth of the markets, and the structure of customers are regarded as opportunity factors.

Perren (1999) has studied micro-enterprises, which strive towards gradual growth. He agrees with Davidsson that there are no clear stages or decision points, but that the growth can be described more like an adaptation to emerging situations. Perren claims that there are four different factors that affect growth: the owner's growth motivation, expertise in managing growth, resource access and demand. These driving factors are then influenced by a myriad of independent factors.

The models of Davidsson and Perren seem to be, in many ways, quite similar. Davidsson's opportunity factors can be compared to Perren's demand factor, need factors to owner's growth motivation and ability factors to resource access and expertise in managing growth. Expertise in managing growth represents the owner-managers' own abilities and resource access the abilities of the firm. The biggest difference in these models is the fact that in Davidsson's theory growth motivation stands alone as the most significant factor. Ultimately, it depends on motivation whether an entrepreneur uses his/her freedom to grow or not to grow. In Perren's model, this factor does not play such a key role. It is simply one of the four growth factors.

4. GROWTH FACTORS

According to Laukkanen (1999), growth cannot be fully predicted from simply the entrepreneur, the resources or any other separate factor. One can only understand the forms and reasons of growth when the firm and its foundation, the entrepreneur, the environment and the business activities are known. However, there are several factors that seem to emerge repeatedly from previous studies of growth. These factors are 1) motivation and personal expectations 2) a desire to be independent 3) education and managerial experience 4) an ability to spot market opportunities, innovation and risk taking and 5) attitudes towards change.

Motivation and personal expectations seem to have a great influence on the growth of a firm. If motivations and ambitions are directed elsewhere actual growth is unlikely. According to Cliff (1998), both male and female entrepreneurs are equally open to growth.

The difference lies in how they want to grow. Women seem to form thresholds over which they do not want to grow their businesses. One threshold is the size of the firm, which feels comfortable to control in that it does not consume too much time and the entrepreneur can easily balance her work and family. Carter and Cannon (1988, see Kovalainen 1992) claim that the possibility to integrate family and work is one of the typical motivational factors for women to start their own business. It looks like women place more weight on quality of life than male entrepreneurs. Although the firm is important to a female entrepreneur, she is not necessarily prepared to sacrifice other areas of life for it, as would possibly happen when the firm grows (Kovalainen 1992). According to Buttner and Moore (1997), many women measure their success primarily through self-fulfilment and only after this with the profits their firm makes.

Buttner and Moore (1997) also state that one of the biggest pulling factors to become an entrepreneur is the person's desire to be independent. However, this factor can also be a large barrier against growth. Smith (1967, see Davidsson 1989) claims that the fear of losing one's personal control forms the highest obstacle against growth. Gray (2002) points out that the desire to be independent could be a divided notion. According to his study, most of the small business owners expressed their need to be independent through a desire 'to be one's own boss'. Those entrepreneurs who were more growth oriented wished to 'manage one's own autonomous operation'.

Many previous studies (e.g. Davidsson 1989; Perren 1999) have shown that education and former managerial experience have a positive influence on growth. The study of Lerner and Armor (2002) confirms this to also be the case in female-owned enterprises. Education may not necessarily directly influence growth but instead strategic choices, which then affect growth (Deakins 1999). When a firm starts to grow, an entrepreneur's marketing, financial and managerial skills play an important role in performance. According to Lerner and Armor (2002), female entrepreneurs rated themselves low regarding these skills. Furthermore, the quality of any previous managerial experience has to be taken into consideration. It is quite a different matter to be a manager in a big corporation than to lead one's own small firm. (Deakins 1999.) Moreover, it has been studied that many female entrepreneurs get their first managerial experience only when they begin to run their own business (Stevenson 1986, see Birley 1989).

Features like abilities to take risks and spot market opportunities as well as innovation are said to be typical for both growth oriented entrepreneurs and enterprises (Davidsson 1989; Virtanen 1999). Virtanen (1999) also claims that constant change, insecurity and inconstancy characterise growing markets. However, Lerner and Armor (2002) state that a majority of female-owned firms operate in stable environments without any threats to the operation. In addition, Buttner and Moore (1997) note that these enterprises traditionally concentrate in the fields of retail and service, which are considered to be slow growth fields. Furthermore, with respect to low growth potential banks are not very willing to cooperate with firms. Innovation is closely linked to the ability to spot market opportunities and has a positive influence on growth. Lerner and Armor (2002) found that women rated their own innovation skills as high. When the entrepreneur becomes aware of a market opportunity, it very much depends on his/her ability to take risks whether he/she exploits this opportunity. Cliff (1998) points out that women seem to be aware of the risks involved with high rate growth and thus settle for slow and stable growth. They also tend to make growth decisions based more on personal rather than financial interpretations.

Growth inevitably means change. An entrepreneur weighs the consequences of growth in his/her mind and then decides how he/she will act. One might feel that growth is desirable and essential for staying in business. Another might compare the benefits and drawbacks and reach the conclusion that the price will be too high. Consequently, he/she chooses not to grow. (Stanworth & Curran 1986.) There are several reasons for not wanting to grow: loss of hard won status, fear of the unknown, lack of confidence, cultural or age-related conservatism, different perceptions of external threats and disagreement over the proposed strategy or changes (Gray 2002).

5. RESEARCH METHOD

This study focused on female craft entrepreneurs operating in clothing and knit work in the region of North Karelia in Eastern Finland. The primary aim was to examine the growth of their businesses and to look for possible reasons as to why these firms tend to be small and why they do not seem to grow. Special emphasis was placed on the entrepreneur's willingness to grow and those five main growth factors, that emerged from previous studies of growth, which were:

1. Motivation and personal expectations
2. A desire to be independent
3. Education and managerial experience
4. An ability to spot market opportunities, innovation and risk-taking
5. Attitudes towards change

The population of the study was formed in cooperation with the Vocational College of North Karelia and it was supplemented by information gathered from Kätsä Ry (an association of craft entrepreneurs in North Karelia) and from various lists of enterprises. Consequently, the population consisted of 54 female-owned craft enterprises operating in clothing and knit work in the region of North Karelia. 30 female craft entrepreneurs (56%) responded to the questionnaire.

6. RESULTS

The age of the respondents varied from 27 to 60. However, 73% of the respondents were over the age of 41. The level of education among the respondents was fairly high. 43% had completed their matriculation examination and all, except five, had some form of vocational education and training in entrepreneurship. All those who did not have any commercial training were over 41. A little less than a third had had a previous firm of their own and approximately 50% stated that their close relatives (parents or siblings) had also been entrepreneurs.

The female entrepreneurs were at very different stages if one considers the time they had been conducting their businesses. They were, however, fairly equally divided between those who had started less than 5 years ago and those whose entrepreneurial careers had lasted longer than 5 years.

All of these firms can be classified as micro-enterprises. 80% had only one employee (the entrepreneur herself) and the largest firm, in terms of employment, had 5 employees. During the last 3 years, there been no development in these figures. One third of the entrepreneurs did not want to reveal the turnover of their business. A half of those who

did stated that the turnover was beneath 10 000 euros. In only 4 firms was the turnover 50 000 euros or more. When one examines at the development of the turnover in these firms during the last 3 years there seem to be a trend of gradual growth in most of them. The results also show that for ca. 50% of the firms there has been an increase in the profits, in the number of customers and in the size of a customer's orders during the last 3 years. The amount of money spent on marketing or product development has, in many cases, stayed the same.

The entrepreneurs were also asked to have a look to the future. If their businesses developed as the entrepreneurs would wish them to develop many saw growth in the amount of employees and especially in the turnover. 10 female craft entrepreneurs hoped to increase their turnover considerably within 5 years time and 8 would like to employ at least one new employee during the same time. However, 67% of the respondents thought that it would be extremely or fairly difficult to find suitable employees. At the same time, only 20% believed that obtaining a loan would prove to be extremely or fairly difficult. About two thirds of the entrepreneurs showed innovative skills. They were developing new products, which could be introduced to markets within two years time. All of these also believed that product development was essential to staying in business.

The respondents were asked to mark (on a scale: 1-extremely important to 5-fairly insignificant) how important they felt the given factors to be as entrepreneurs. These factors are listed in order of importance, according to their means (see Table 1).

Table 1. Important factors in being an entrepreneur.

| | Mean | Std. Deviation |
|--|------|-------------------|
| The products and services are of high quality. | 1,63 | 1,245 |
| One can work in a field equal to one's education and/or know-how. | 1,73 | 1,230 |
| One can do what one likes best. | 2,20 | 1,375 |
| One can supervise and control the activities in the business. | 2,23 | 1,104 |
| One has enough time for the family and leisure. | 2,27 | 0,828 |
| The independence and freedom of the entrepreneur: one can be one's own boss. | 2,27 | 1,172 |
| The business supports the entrepreneur and her family. | 2,47 | 1,224 |
| The business makes high profits. | 3,23 | 1,073 |

The two most important factors were quite distinctive. 87% of the respondents felt that it was extremely or very important for an entrepreneur to be able to produce high quality products and services and at the same time work in the field of her education. Most of the other factors were also considered to be at least fairly important. The "high profit" factor seemed, however, to be somewhat less significant than the others. Only 20% regarded this factor as extremely or very important.

The female craft entrepreneurs were given a list of possible business goals and they were asked to rank them in order of importance (1- the most important goal, 2- the second most important goal ... 8- the least important goal). The final list of goals in order of their importance according to their means was as follows (see Table 2).

Table 2. The goals of the entrepreneurs.

| | Mean | Std. deviation |
|---|------|----------------|
| The owner obtains a reasonable living and a good quality of life from the business. | 1,55 | 0,948 |
| A satisfied and loyal clientele. | 1,73 | 0,640 |
| Increase in overall profitability and returns on capital. | 4,12 | 1,532 |
| Renewal of the product mix. | 4,33 | 1,776 |
| Higher quality products. | 4,35 | 1,938 |
| Expansion of the market area of the business. | 4,72 | 1,768 |
| Business growth through an increase in turnover. | 5,40 | 1,683 |
| Business growth through an increase in the number of employees. | 7,40 | 1,581 |

The two most important and the two most insignificant goals stood out from the rest of the list. 93% of the respondents stated that a reasonable living and a good quality of life were among the two most important business goals. Moreover, all the respondents marked a satisfied and loyal clientele among the three most important goals. At the same time, 80% of the respondents regarded growth in employment as the least significant goal in their businesses. The importance of the growth in turnover varied more from one entrepreneur to another but still it was clearly the second least important goal in the overall list.

The respondents were also asked to consider how they evaluated their own success and what were the factors that determine the success in craft enterprises. 90% measured their own success primarily by the quality of the product and 93% stated that high quality was an extremely important factor in the whole line of clothing and knit work. Moreover, 80% believed that their products met the demand for high quality. The second most general meter of their own success was the respect of the customers. 73% of the craft entrepreneurs thought this was an extremely important meter. A loyal clientele was also considered to be one of the most important factors in the whole field and 50% of the entrepreneurs believed that they had such a clientele. 90% of the respondents also stated that work satisfaction was an extremely or very important meter of their own success. The other important success factors were a good ability to deliver, the image of the business and the products, and advantageous purchases and raw materials. The least important success factors were export, protection of the products and sub-contracting. Moreover, over half of the respondents did not feel that these factors played any role in their own businesses.

All in all the female craft entrepreneurs working in the field of clothing and knit work in the region of North Karelia seemed to be fairly eager to succeed. About 65% agreed that they had always wanted to succeed and gain something during their lifetime. Moreover, 62% disagreed with the statement that they should be content with the things they have gained in their lives that they should now concentrate on keeping what they already have.

Further questions explored attitudes towards growth and to the changes it would bring with it. Following Davidsson's (1989) research design, the respondents were asked to imagine a situation where the number of their employees would double in five years time and the firm would make reasonable profits at the same time. 67% thought that this would

be a very or fairly positive situation. 17% regarded the matter as very or fairly negative and another 17% adopted a neutral position.

The entrepreneurs were then asked to think about how their situation would change if they would already have double the amount of employees. Would they have more or less 1) work 2) opportunities to concentrate on doing things one likes best 3) income and other financial benefits 4) opportunities to manage and control the activities in the firm 5) independence in making decisions relative to customers, suppliers and financiers 6) opportunities to influence product and service quality.

Both, that is, those who had a negative and those who had a positive attitude to an increase in the employment, thought that they would have more work, but at the same time also more opportunities to control the activities carried out in the firm. Their opinions differed, however, on several points. Those who thought that the increased number of employees would be negative, believed that their income and their opportunities to influence on the product quality would decrease. Those who considered the increase in employment as positive felt that they could concentrate more on that they liked best.

The respondents' attitudes towards growth were measured by three statements. The first statement claimed that a growing business would mean continuous chaos and an excessive workload for the entrepreneur, 21% agreed. In the second statement, it was declared that the entrepreneur would grow as a human being and have a richer life running a growing business, 66% agreed. In the last statement, it was argued that too fast a pace in growth is one of the most important factors that leads to bankruptcy. 54% of the respondents agreed with this statement.

Growth-oriented and established entrepreneurs

The entrepreneurs were divided into two categories according to their willingness to promote growth. This was determined by 9 different questions. As in Davidsson's study, the willingness towards growth was measured by the difference between present turnover and employment and the desired turnover and employment in 5 years. Many of the female craft entrepreneurs did not want to reveal information regarding their turnover, so their willingness towards growth was defined by other factors also.

In this study the entrepreneurs were defined to be inclined towards growth if

- they wanted to increase their turnover by at least 2000 € or the amount of their employees at least by one person in 5 years time (17 entrepreneurs)
- they had not given full information about their present turnover or employment or in the future, but had marked growth in these factors to be among the 4 most important goals in their business (4 entrepreneurs)
- in lieu of a lack of previous information they still showed an extremely positive attitude to the thought that there would be twice as many employees as there were at present and that the business would be reasonably profitable (1 entrepreneur)

Defined like this, the respondents were distinguished into 22 growth-oriented entrepreneurs and 8 established entrepreneurs.

Age seemed to have a differentiating effect on the attitude towards growth. Most of those who wanted to maintain their businesses as a status quo were over 41 years old and also had been running their businesses for over 10 years. On the other hand, it has to be noted

that growth-oriented entrepreneurs were found in all age groups (both the entrepreneurs' and the firms'). All in the age group of 31-40 wanted to grow and so did all the entrepreneurs who had been running their businesses for 3 to 5 years.

In this study, education did not seem to have a significant effect on attitude towards growth. Neither did the fact whether the parents or the siblings had been at any time entrepreneurs. Previous experience in running one's own business, however, had a large positive influence. All of those who had had a previous firm of their own wanted to grow.

A great majority of growth-oriented entrepreneurs showed innovative skills and also believed that product development was essential for staying in business. The established entrepreneurs were fairly equally divided between those who were developing new products and believed in the importance of innovation and those who did neither.

The growth-oriented entrepreneurs seemed to be a little more positive with regards to whether they would find a suitable workforce or not and also as to whether they would obtain a loan, if necessary, than the established entrepreneurs. Rather surprisingly, they were also more willing to withdraw from an uncertain situation even if they would later discover that they had missed a great opportunity. On the other hand, they were more confident about themselves as decision makers in uncertain situations.

When one examines the goals the female craft entrepreneurs aim towards there seem to be no great differences between the growth-oriented and the established entrepreneurs. They both thought that the entrepreneur should earn a reasonable living and gain a good quality of life through their respective businesses and that a satisfied and loyal clientele is very important. However, the growth-oriented entrepreneurs valued the profitability of the business and returns on capital slightly higher.

One can notice more differences in the factors that the women considered to be important as entrepreneurs. The facts that one could do the things one likes best and that one could be one's own boss were placed higher on the list of the established than the growth-oriented entrepreneurs. The latter group thought that ensuring a good standard of living was more important.

The opinions of the growth-oriented and the established entrepreneurs were almost opposite when the respondents were asked to evaluate their desire to succeed. A majority of the established entrepreneurs did not feel a desire to succeed and were ready to concentrate on preserving what they already had. On the other hand, the growth-oriented entrepreneurs expressed a desire to succeed and did not feel that they had yet gained enough.

Both groups measured their success primarily by the high quality of their products and services and by the respect of their customers. The biggest difference was that the established entrepreneurs placed job satisfaction in second place on the list of important meters of success. On the list of the growth oriented entrepreneurs, this meter of success was placed fifth.

It was interesting to see that no established entrepreneur felt that it would be an extremely negative thing if the amount of employees would double in five years. However, two of the growth-oriented entrepreneurs did think so. On the other hand, it has to be said that most

of the growth-oriented entrepreneurs considered such an increase in employment to be a very good thing.

A majority of the established female craft entrepreneurs believed that twice as many employees would bring more work to the entrepreneur and that it would affect them so that their ability to control activities and the quality of the products would decrease. On the other hand, they thought that it would not affect their independency in decision-making. The growth oriented female craft entrepreneurs differed from the established ones in relation to a few points. Most of them did not think that an increase in employment would have any effect on their ability to control the quality of their products. A large percentage of them also believed that they could concentrate more on doing what they liked best.

7. CONCLUSIONS

A great majority of the respondents (22 out of 30) turned out to be growth-oriented. This outcome is very similar to the result of a study made of Finnish craft entrepreneurs in 2000 (Käsityörytysten tila.), in which a majority showed more inclination towards growth than other small business owners. But, although they wanted to grow they were not willing to hire new employees. This was also shown in this study. Growth through employment was the least significant goal in the businesses of female craft entrepreneurs in the field of clothing and knit work in the region of North Karelia. All of the established entrepreneurs thought this goal to be their lowest priority. Furthermore, the other traditional indication of growth, an increase in turnover, was rated the second lowest in the overall list of business goals.

The two most important goals of the entrepreneurs were to secure a reasonable standard of living and a good quality of life as well as a satisfied and loyal clientele. The established entrepreneurs, in particular, rated these goals highly. The respondents felt that it was important to be able to do what one is good at (87%) or what one likes to do (70%) and to do it well, producing high quality products (87%) and also to be able to do it so that there is time for the family and leisure time (57%).

In accordance to many previous studies (e.g. Buttner & Moore 1997, Gray 2002), the female craft entrepreneurs in the field of clothing and knit work in North Karelia valued the importance of being independent (the established entrepreneurs even more so than the growth-oriented entrepreneurs). Two-thirds of the respondents also highly regarded their ability to watch over and control the activities of their businesses. Smith (1967, see Davidsson 1989) thought that the fear of losing this ability would be a very significant barrier to growth. However, 87% of the respondents estimated that their opportunities to manage and control their businesses would remain the same or even improve when the amount of employees doubled. Only one thought that her independence in decision-making would be reduced.

As the previous studies of Davidsson (1989), Perren (1999) and Lerner and Armor (2002) suggest, former managerial experience seems to offer a positive disposition towards growth. All of those who had had their own earlier firm looked upon growth favourably. Davidsson also stated that the age of the entrepreneur and the firm influence growth motivation. This was seen also in this study. Most of the established entrepreneurs were over 41 years old and had more than ten years' experience in running a business.

Many studies (e.g. Perren 1999; Davidsson 1989; Virtanen 1999) claim that the entrepreneur's ability to spot market opportunities has a positive effect on growth. It is also argued that being innovative helps one notice these opportunities. Two-thirds of the respondents showed signs of innovation for they were at that moment developing new products that could be introduced to markets within two years time. An ability to take risks is essential in seizing the perceived opportunity. Approximately 50% of the respondents stated that they preferred to take a chance in spite of the risk than to later notice that they had missed a great opportunity.

Davidsson (1989) also suggested that when the opportunity rises an entrepreneur weighs in his/her mind the benefits and drawbacks of the changes that growth brings about and consequently makes his/her decision about how he/she will react. If the 'price' is too high there will be no growth. This argument is supported in this study. Those who had a negative attitude towards an increase in the number of employees thought that their workload would grow and they would receive less income. Those with a positive attitude agreed that their workload would increase, but they also felt that they could concentrate on doing what they liked best yet still control the activities in the firm more actively.

These results are in accordance with two other studies that have been conducted in North Karelia. According to Kompula's (2004) results, a typical rural tourism entrepreneur in the Eastern Finland regions would rather avoid economic risks than make rapid growth investments in his/her businesses. In many cases, the family has already reached a certain standard of living, which the entrepreneurs do not want to risk. Most of the entrepreneurs seemed to have an image of an ideal size of businesses that was the objective for the development of activities. In general, success was primarily measured by affective and subjective measures: a reasonable level of income was more important than becoming rich, time for family and hobbies was respected, interesting and challenging work and the opportunity to work at home or in the countryside were very important for these entrepreneurs. According to another study conducted in the same area (Komppula, Lautanen and Löppönen 2004), the growth objectives of two "male" branches of business in the same area were quite moderate and stable: 75% of the metal and plastics industry and ICT industry has targeted slow growth from the foundation of the firm. Rapid growth was most often a target in the ICT industry. The most important objectives for these businesses are more or less life-style oriented: they aim to appropriate a livelihood instead of growth, and they wish to have a satisfied and loyal customer portfolio.

The fact that the results of the study in hand are in accordance with these two studies may indicate that it is not only the gender or the branch of industry that influences firm size and meters of success. Gray (2002) suggested that the main constraint on growth lies in non-growth career motivations and personal expectations. If an owner only wants to earn his/her living further growth past this level is highly unlikely. This proved to be the case in the above-mentioned studies and also in this study. The biggest differences between the growth-oriented and the established entrepreneurs were found between their motivations and meters of success. For the established entrepreneurs, it was more important that they could do the things they liked best for a living than it was for the growth-oriented entrepreneurs.

Gray (2002) also added that if the mode of earning a living is linked to a certain lifestyle the business decisions are not made from a purely financial point of view. To many of the

respondents in this study as well as in those conducted by Komppula (2004) and Komppula et al. (2004), entrepreneurship seems to be a kind of lifestyle.

8. DISCUSSION

The aim of this study was to try to discover reasons for the small size of women-owned craft enterprises and why they do tend to be small. This was done by examining growth, willingness towards growth and factors affecting these matters in female-owned craft enterprises in the field of clothing and knit work in the area of North Karelia. The population of this study was small, consequently the results of this study cannot be used to generalise about overall spectrum of female entrepreneurship, craft entrepreneurship or even entrepreneurship in the field of clothing and knit work. A more precise picture of female craft entrepreneurship could have been obtained by randomly sampling respondents from different sectors of handicrafts and also different parts of Finland. Furthermore, there were a few questions in the questionnaire that the respondents could not or did not want to answer. This affects the reliability of the study. Interviews would have given more insight into the attitudes and motivations of these female craft entrepreneurs.

In spite of these deficiencies, this study draws a picture of female and craft entrepreneurship in North Karelia and tells us how they view their business activities in relation to growth. Furthermore, the results are in accordance with previous studies that have been conducted in the field of craft entrepreneurship (see e.g. Johnsson & Äyväri, 1996). All the respondents ran micro enterprises and there had been no remarkable changes in the number of employees or the turnover of these businesses. In this sense, these firms well fitted the assumption that female-owned businesses are small and do not grow. On the other hand, over two-thirds of the respondents were receptive to growth and there were signs of gradual growth in turnover, number of customers, orders and profits. Moreover, a majority thought it would be a positive development if the number of employees doubled.

Growth and success are often linked together. If a firm does not grow it is not considered to be successful. Is this really the case? For craft entrepreneurs, as well as other life-style oriented small and micro-businesses, product quality and other subjective meters are more important indicators of success than the more traditional, hard meters.

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