

TOWARDS ESTABLISHING BIOGRAPHICAL AND BUSINESS BACKGROUND PROFILES OF ENTREPRENEURS FROM TWO ETHNIC AND GENDER GROUPS

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OPSOMMING

Die literatuur oor die biografiese agtergronde van entrepreneurs skyn baie teenstrydige bevindinge te bevat. Hierdie kan moontlik deels toegeskryf word aan die aanname dat steekproewe van entrepreneurs eerder homogeen eerder as heterogeen is. Dit skyn asof minder navorsing oor vroulike as oor manlike entrepreneurs gedoen is. Ten spyte van aannames in dié verband, bestaan min empiriese gegewens oor die biografiese agtergronde en sake-situasie van respektiewelik wit en swart Suid-Afrikaanse entrepreneurs. Swart en vroulike entrepreneurs is in meeste gemeenskappe minderheidsgroepe en is nog nie in diepte bestudeer nie, daarom die huidige studie. Die biografiese en sake-agtergronde van 569 Suid-Afrikaanse entrepreneurs (106 swart en 463 wit; 136 vroulik en 433 manlik) is bestudeer. Een-riktig Analise van Variansie en Chi-kwadraat gevolg deur Diskriminant Analise is uitgevoer ten einde te bepaal of respektiewelik swart en wit en manlike van vroulike entrepreneurs in terme van die veranderlikes wat bestudeer is, verskil. Betekenisvolle verskille tussen die totale groep van manlike en vroulike entrepreneurs is slegs in terme van vyf veranderlikes gevind. Swart en wit entrepreneurs het statisties beduidend op 16 van die 30 veranderlikes in die studie ingesluit, verskil.

ABSTRACT

The literature on the biographical backgrounds of entrepreneurs seems to contain many contradictory findings. This situation can partly be due to the assumption that samples of entrepreneurs were homogeneous rather than heterogeneous. It appears as if female entrepreneurs have been less well researched than their male counterparts. Differences in the biographical backgrounds and business situation of, respectively, the white and the black entrepreneurs in South Africa have been assumed but little empirical evidence exists in this respect. Black entrepreneurs, and female entrepreneurs are in most developed societies' minority groups and have not specifically been studied in depth – hence the present study. The biographical and business backgrounds of 569 South African entrepreneurs (106 Black and 463 White; 136 female and 433 male) were studied. One-way Analyses of Variance and Chi-squared followed by Discriminant analyses were carried out to determine whether, respectively, black and white entrepreneurs and male and female entrepreneurs differed in terms of the variables studied. Significant differences between the total group of male and female subjects were found on only five variables. White and black entrepreneurs differed statistically significantly on 16 of the 30 variables studied.

The biographical backgrounds of entrepreneurs seem to have been thoroughly researched (Boshoff, Bennett & Owuso, 1991). However, the literature seems to contain many contradictory findings. Studies concerning the backgrounds of male and female entrepreneurs yielded especially conflicting results. Some researchers (e.g. Cromie, 1987) argue that definite differences exist between male and female entrepreneurs. Differences have been found in entrepreneurial career preference (Scherer, Brodzinski & Wiebe, 1990), education (Bowen & Hisrich, 1986), age (Birley, Moss & Saunders, 1987), type of new venture created (Cromie & Hayes, 1988; Fernald & Solomon, 1987; Kalleberg & Leicht, 1991), extent of prior work experience (Bowen & Hisrich, 1986), capital sources (Hisrich & O'Brien, 1982). However, more recently researchers (Hisrich, 1990; Sexton & Bowman-Upton, 1990) concluded that male and female entrepreneurs are more similar than different.

From the earlier research reviewed it is clear that the male entrepreneur has been thoroughly researched (Evans, 1984; Hisrich, 1984; Kent, 1983). The focus during the last decade or so seems to have shifted to the female entrepreneur (Fagenson & Marcus, 1991; Moore, 1990). The more important role that female entrepreneurs nowadays occupy in most developed economies (currently, female-owned businesses are appearing and growing faster than male ownerships in the USA (Fagenson & Marcus, 1991; Hisrich, 1990; Moore, 1990)) and in many underdeveloped countries (Harper, 1991) compels further research on female entrepreneurs.

It appears as if little is known about the characteristics of entrepreneurs from certain minority groups (Gomolka, 1977) and especially from specific ethnic origins (Hornaday & Aboud, 1971). Considering the statement by Harper (1991:7) that, "Entrepreneurship and enterprise have been widely recognised as having a critical role to play in economic development . . . even more so in the poorer nations of the world" it becomes evident that a greater understanding of entrepreneurs from cultures other than the North American and European is needed. Differences

between white and black South African entrepreneurs have previously been assumed to exist – as part of conventional wisdom rather than being based on empirical studies.

The present study is an attempt to provide a better understanding of the biographical and business backgrounds of South African entrepreneurs from different ethnic and gender groups. A literature scan revealed no similar previous studies. Enquiry into this aspect seemed warranted – especially in the light of the potential effects of the Apartheid ideology and the intricate socio-economic situation prevailing in South Africa. It has furthermore been argued that if entrepreneurship is at the root of economic development, researchers need to understand “those” who provide it (Stevenson & Jarillo, 1990).

Operationally the aim was, firstly, to determine whether male and female entrepreneurs and, secondly, black and white entrepreneurs differed in terms of a number of business and biographical variables.

METHOD

Subjects

The sample consisted of 569 entrepreneurs active within 435 business enterprises. The average age of subjects was 39,5 years with a standard deviation of 9,9 years and a range of 28-69 years. Of the 569 subjects 433 (age $M = 39,9$ years; $SD = 9,6$) were male and 136 (age $M = 38,4$ years; $SD = 9,8$) female. More than two thirds, i.e. 392, indicated a preference to communicate in Afrikaans, while 177 preferred English. The majority of the subjects, i.e. 489, were South African citizens. The subjects can also be categorized into 463 (age $M = 39,2$ years; $SD = 9,8$) whites and 106 (age $M = 40,8$ years; $SD = 9,12$) blacks.

Procedure

The sample was obtained from the archives of a venture capitalist, operating with funding from government and private sector sources, active in the Northern region of South Africa. The study can therefore be described as one done on “available materials” (Kerlinger, 1986; p. 468).

The data was extracted directly from the archives of the venture capitalist. The venture capitalist has six different financing schemes in operation. Data from only three of these schemes could be incorporated into the present study. Data from the other three schemes had to be omitted due to the absence of information on biographical characteristics of the individuals to whom loans had been granted.

All loan applications granted between 1 April 1985 – 31 March 1987 were included in the study. For cross-validation purposes this period was subdivided into loans granted during two periods of twelve months each, viz. 1 April 1985 – 31 March 1986 and 1 April 1986 – 31 March 1987.

The variables included into the study were typical biographical variables as well as financial and other characteristics of the business venture for which the loan(s) had been granted. A list of the variables is shown in Table 1.

One-way Analyses of Variance with Bonferonni’s Ranges test specified where necessary and Chi-squared (in the case of nominal variables) were carried out to determine whether male and female entrepreneurs differed on the biographical and business variables included in the study. These analyses were repeated with race as the dependent variable.

These analyses were followed by Stepwise Discriminant Analyses using the Stepdisc procedure of SAS (SAS Institute 1985). Only variables on which, according to the Analyses of Variance and Chi-square Analyses, black and white entrepreneurs differed significantly were included in the Stepwise Discriminant Analyses. For the purposes of these analyses the

TABLE 1
BIOGRAPHICAL VARIABLES STUDIED

BIOGRAPHICAL	CATEGORIES
Race	Black/White
Language preference	Afrikaans/English
Residential area	City/Town/Rural
Education	Years of formal education
Dependents	Number
Gender	Male/Female
Nationality	South African/Not South African
Residential status	Citizen/not citizen of South Africa
Age	Years
Employment history	Related to present venture/Not related to venture/Organization already exists
Apprenticeship/Clerkship	Completed/Not completed/Not applicable
Marital status	Single/Married/Divorced/Widow/er
Criminal record	Yes/no
Sequestration record	Yes/No
BUSINESS VARIABLES	CATEGORIES
Economic sector	Manufacturing/Retail/Wholesale/Services/Construction/Foods
Purpose of obtaining finance	Take-over/New business/Expand existing business/Unknown
Number of loans	Numerical number
Total amount borrowed	Numerical amount in rands
Percentage own contribution	Ratio of own capital: Total capital of venture
Security cover ratio	Ratio of value of security: Amount borrowed
Interest paid on loan	Rate of interest charged by venture capitalist
Legal form of venture	Sole proprietor/Partnership/Closed corporation/Company
Development state of venture	Existing/Take-over/new
Employment (existing)	Current number of employees
Employment (additional)	Increase in number of employees since started
Risk classification	Low/Medium/High/Very High
Status of entrepreneur in venture	Sole proprietor/Partner/Member/Shareholder
Entrepreneur's stake in the venture	Percentage of ownership
CLASS VARIABLES	CATEGORIES
Year group	01/04/1985 – 31/03/1986 01/04/1986 – 31/03/1987
Account status	Bad debt/Legal control/Current account/Paid-up loan
Account number	As indicated by venture capitalist

variables measured on essentially nominal scales were treated as ordinal in character. More information on how this was done can be found in Schutte (1992). Justification for including variables which were measured on scales other than at the interval or ratio levels in Discriminant Analyses is found in Kerlinger (1986, p. 402).

Finally, using the Discrim procedure of SAS (SAS Institute 1985), Discriminant Analyses were performed to determine how effectively the race group of the subjects could be predicted using as discriminants only the variables that had been included in the models developed by means of the Stepdisc procedure. This procedure was aimed at obtaining an indication of the discriminating power of the identified business and biographical variables.

RESULTS

The aim of the data analysis was (1) to establish whether South African male and female entrepreneurs differed significantly on the biographical and business variables included in this study and (2) to build a discriminant model (with ethnic group as dependent variable) by means of the available biographical and business variables. The analyses were carried out in three phases. The first phase consisted of Analyses of Variance and Chi-squared calculations (dependent variables (1) gender (2) race) separately on the data of the two year groups and that of the total sample. The results of these (only for variables on which in at least one analysis significant differences were found) are shown in Table 2.

TABLE 2
RESULTS OF ONE-WAY ANALYSES OF VARIANCE AND CHI-SQUARED (DEPENDENT VARIABLE: GENDER)

Predictor variable	1985-1986			1986-1987			Total		
Nominal variables	Chi ²	df	p	Chi ²	df	p	Chi ²	df	p
Marital status	27.198	3	.0001	8.287	3	.04	30.582	3	.0001
Business type	ns			8.675	3	.034	8.452	3	.038
Language prefer	ns			ns			3.904	1	.048
Ordinal variables	F		p	F		p	F		p
Own contribution	ns		6.11	.0139	ns				
Amount borrowed	ns		10.08	.0016	11.63	.0007			
Workers additional	ns		7.0	.0085	ns				
% entrepreneur owns	ns		3.93	.0491	ns				
Age	ns		5.03	.0256	ns				
Number of dependents	ns		8.73	.0034	7.95	.005			

Table 2 indicates that female and male entrepreneurs differ significantly on some of the biographical and business variables included in the study. For the total group, male entrepreneurs compared to female entrepreneurs tend to: (1) be married (86% versus 77,9%); (2) receive larger sums from the venture capitalist (\bar{M} = R60 949 versus \bar{M} = R37 110); (3) have more dependants (\bar{M} = 2,69 versus \bar{M} = 2,2) and (4) communicate to a lesser degree in Afrikaans (66,7% versus 75,7%). The majority of female entrepreneurs (54% versus 46%) used sole proprietorships as a form of business where-as male entrepreneurs preferred a "corporate umbrella" (54% versus 46%). For the year group 1986-1987 female entrepreneurs compared to male entrepreneurs tend to: (1) contribute a smaller percentage of the total funds invested in the venture (34,2% versus 39,8%); (2) employ fewer additional workers after receiving funds from the venture capitalist (\bar{M} = 4,6 additional workers versus \bar{M} = 7,9 additional workers); are younger (\bar{M} = 37,5 years versus \bar{M} = 40,3 years) and (4) own a larger percentage portion of their business (83,9% versus 76,7%). In the 1985-1986 year group only one significant difference (a larger proportion of the males being married) – was found. The implications of these findings will be elaborated on in the discussion.

Similar analyses were carried out with race group as the dependent variable. The results are shown in Table 3.

TABLE 3
RESULTS OF ONE-WAY ANALYSES OF VARIANCE AND CHI-SQUARED ANALYSES (DEPENDENT VARIABLE: RACE)

PREDICTOR VARIABLE	DEPENDENT VARIABLE: RACE					
	1985-1986		1986-1987		Total	
Nominal variables	Chi ²	df	p	Chi ²	df	p
Language preference	27.71	1	.0001	64.82	1	.0001
Employment history	7.27	2	.026	ns		
Business type	42.82	3	.0001	20.57	3	.0001
Loan classification	44.35	3	.0001	15.93	3	.001
Status of entrepreneur in his/her business	41.27	3	.0001	20.59	3	.0001
Ordinal variables df = 1	F	p	F	p	F	p
Success level	4.7	.0312	4.48	.0351	9.44	.0022
Amount of loan	16.14	.0001	16.14	.0001	11.24	.0009
No of employees (current)	4.0	.0468	ns		5.67	.0176
No of additional employees	14.78	.0002	4.94	.0270	17.87	.0001
Risk classification	6.84	.0095	12.75	.0004	18.41	.0001
Own contribution	23.58	.0001	4.35	.0377	24.5	.0001
% ownership of venture	27.81	.0001	11.94	.0006	35.24	.0001
Education	40.23	.0001	50.99	.0001	84.58	.0001
Number of dependents	5.8	.0169	21.34	.0001	25.74	.0001
Security cover	ns		14.79	.0001	10.07	.0016
Number of loans	ns		ns		4.59	.0327

Table 3 indicates that black and white South African entrepreneurs included in the study differed significantly on sixteen of the original thirty biographical and business variables. For the total group, black entrepreneurs compared to white entrepreneurs tend to: (1) be less successful in their ventures (50,9% successful versus 66,7% successful); (2) receive smaller amounts from the venture capitalist (\bar{M} = R34 450 versus \bar{M} = R60 064); (3) employ fewer additional workers after receiving extra funding (\bar{M} = 3,8 additional workers versus \bar{M} = 9,6 additional workers); (4) be classified by the venture capitalist as a higher risk group (\bar{M} = 2,1 versus \bar{M} = 1,9); (5) contribute a greater percentage of the total funds invested in the venture (47,3% versus 37,5%); (6) have a lower level of education (\bar{M} = 11 years versus \bar{M} = 13 years); (7) have more dependents (\bar{M} = 3,5 dependents versus \bar{M} = 2,5 dependents); (8) provide a smaller ratio of security cover against amount borrowed for the loan allocated by the venture capitalist (\bar{M} = 0,8 versus \bar{M} = 1,3); (9) embark to a lesser degree on a new venture similar to his/her work experience (38% versus 42,3%). The majority (69,8%) of the black entrepreneurs prefer to communicate in English compared to the 77,7% of white entrepreneurs' preference for Afrikaans. 81 Per cent of the blacks used a "sole proprietorship" as legal form of their business whereas 41,5% of whites preferred this legal form for their businesses.

The second phase of the data analysis consisted of using the STEPDISC procedure of SAS (1985) to determine which of the variables, identified in the first phase of the analysis as potential discriminants of the dependent variable race, could be retained as discriminants in the final discriminant model. Significance levels for entry and removal of variables were set at ,15 – the default value of the programme. In all cases where "unknown" responses were recorded for a variable, it was substituted by the mean of the scores on the specific variable. If a cell size of a race group was less than $N = 25$ for a specific variable, that variable was omitted from further analysis. The results of this analysis for the total group of subjects are shown in Table 4.

TABLE 4
RESULTS OF STEPWISE DISCRIMINANT ANALYSIS
WITH RACE AS DEPENDENT VARIABLE FOR TOTAL
GROUP (N=569)

Predictor variable	Partial R ²	F	P>F	Wilks' Lambda	Canonical Correlation ²
Language preference	.1617	109.20	.0001	.8383	.1617
Business type	.1084	68.711	.0001	.7474	.2526
Education	.0770	47.057	.0001	.6898	.3102
Number of dependents	.0366	21.376	.0001	.6646	.3354
Workers additional	.0239	13.747	.0002	.6487	.3513
Loan classification	.0171	9.747	.0019	.6376	.3624
Own contribution	.0106	6.025	.0144	.6309	.3691
Risk classification	.0096	5.437	.0201	.6248	.3752
Success level	.0070	3.960	.0471	.6204	.3796
Number of loans	.0075	4.192	.0411	.6157	.3843

The results shown in Table 4 indicate that a relatively strong and statistically significant model could be developed for predicting the race of the subjects. Ten discriminant variables entered into the prediction at significant levels. Of these, three were classified as biographical and seven as business variables.

The Stepwise Discriminant Analyses were repeated, separately for the data of the two chronological subsets, i.e. subjects in the year group 1985-1986 and for subjects in the year group 1986-1987.

The results of this analysis for the 1985-86 year group are depicted in Table 5.

TABLE 5
RESULTS OF STEPWISE DISCRIMINANT ANALYSIS
WITH RACE AS DEPENDENT VARIABLE FOR THE
1985-1986 YEAR GROUP (N=240)

Predictor variable	Partial R ²	F	P>F	Wilks' Lambda	Canonical Correlation ²
Business type	.1638	46.607	.0001	.8362	.1637
Education	.1106	29.48	.0001	.7437	.2563
Language preference	.0796	20.418	.0001	.6845	.3155
Own contribution	.0601	15.038	.0001	.6433	.3567
Loan classification	.0266	6.389	.0121	.6262	.3737
Number of dependents	.0237	5.667	.0181	.6114	.3886
Workers additional	.0344	8.268	.0044	.5903	.4097

Seven variables entered into the model at the .05 probability level, yielding a significant and relatively strong prediction. This prediction model is marginally stronger than the previous model (Table 4) as the Wilk's Canonical correlation coefficients and Lambdas indicate.

Results of the same kind of analysis on the data of subjects in the year group 1986-1987 are shown in Table 6.

In this instance four variables, also present in the previous two models (Tables 4 & 5) and another variable seen in the first model (Table 4), entered the model at a significant level. The level of prediction is again statistically significant and relatively strong.

The results of the Stepwise Discriminant Analyses described up to this point are summarized in Table 7.

TABLE 6
RESULTS OF STEPWISE DISCRIMINANT ANALYSIS
WITH RACE AS DEPENDENT VARIABLE FOR 1986-1987
YEAR GROUP (N=329)

Predictor variable	Partial R ²	F	P>F	Wilks' Lambda	Canonical Correlation ²
Language preference	.2008	81.928	.0001	.7991	.2008
Education	.1138	41.722	.0001	.7082	.2918
Business type	.0621	21.440	.0001	.6643	.3357
Number of dependent	.0285	9.475	.0023	.6465	.3546
Risk classification	.0131	4.283	.0393	.6269	.3631

TABLE 7
SUMMARY OF PREDICTOR VARIABLES WITH
SIGNIFICANT DISCRIMINATING POWER FOR THE
DEPENDENT VARIABLE RACE

VARIABLES	RACE		
	85-86	86-87	TOTAL
Language preference	*	*	*
Business type	*	*	*
Number of dependents	*	*	*
Education	*	*	*
Own contribution	*		*
Workers additional	*		*
Loan classification	*		*
Risk classification		*	*
Success level			*
Number of loans			*

The sample sizes of this study are relatively large and this could allow chance to play a role in the predictions (Dooley, 1990; McKay, Schofield & Whiteley, 1983). Therefore, the statistical analysis process implemented was aimed at eliminating chance and capitalization on chance. Table 7 indicates that ten of the original thirty biographical and business discriminants survived the statistical elimination process to be included in the construction of final prediction models by means of Discriminant Analyses. Of these ten surviving discriminants: only three were biographical discriminants; four appeared in the prediction models based on both the year groups and the total group and another four in one of the models for the year groups and the total group as possible discriminants of the subjects into race groups.

To determine the strength of the discrimination which could be obtained by means of the variables identified in the previous analysis, Discriminant Analyses using the DISCRIM procedure of SAS (SAS Institute 1985) were carried out. In the Discriminant Analyses an attempt was specifically made to predict the race groups into which subjects would be classified using their 'scores' on the discriminant variables identified by means of the previously described analyses.

The percentages of subjects placed in the 'correct' groups of race (for the two year groupings and total) by the Discriminant Analyses are shown in Table 8.

TABLE 8
PERCENTAGE OF SUBJECTS IN EACH OF THE TWO
RACE CATEGORIES CORRECTLY CATEGORISED
BY DISCRIMINANT ANALYSES

Race	1985-1986 (N=240)	1986-1987 (N=329)	Total (N=569)
Black	81.48%	78.85%	79.25%
White	81.72%	86.28%	87.26%

The results of the Discriminant Analyses (Table 8) indicate that a relatively high percentage of all the subjects could be correctly categorised by using biographical and business variables as discriminants.

DISCUSSION

The results presented in the previous section seem to indicate that in this South African sample male and female entrepreneurs only differed on a few of the traditional biographical and business variables that were found by previous researchers to significantly distinguish between members of the two genders. Overall male entrepreneurs appear to be slightly older than female entrepreneurs ($M = 39.4$ years versus $M = 38.4$ years). On average female entrepreneurs received only two thirds of the sums that male entrepreneurs received from the venture capitalist. This finding seems to support Sexton and Bowman-Upton's (1990) conclusion that female entrepreneurs have particular problems obtaining credit. A large portion of the female entrepreneurs preferred a sole proprietorship as a form of business, a finding contrary to previous research findings (Birley et al., 1987).

It could be speculated that the findings concerning business form and total amount loaned to female entrepreneurs could possibly be explained by the existence of strong Calvinistic and chauvinistic orientations in the South African culture. In the light of the few significant differences found for gender as depicted in Table 2, one can, in support of Chrisman, Carsrud, DeCastro & Herron (1990), Hisrich (1990) and Sexton & Bowman-Upton (1990) conclude that male and female entrepreneurs appear to be more similar than different.

The results presented in the previous section concerning race seem to be quite promising for the discriminating of the subjects' race grouping (Table 8). The finding that black and white entrepreneurs differed significantly on more than half of all the biographical and business variables included in the study provides empirical evidence about the differences between these two groups of South African entrepreneurs. The fact that such a high percentage (> 78%) of subjects were correctly categorised by the Discriminant Analyses, emphasizes that significant differences between the two groups do exist.

Regarding the significant results concerning the educational level of the race groups, it appears that black entrepreneurs tend to have an incomplete secondary level education whereas white entrepreneurs tend to have an incomplete tertiary level education. These results are in contrast to Pickles and O'Farrell's (1986) view that entrepreneurs tend to have below average levels of education.

A possible reason for these obvious differences between the racial groups regarding their biographical and business backgrounds (Table 3), appears to be the influence of hindering economic legislation developed and enforced by the pre-1990 South African government making it difficult for entrepreneurs from especially the black population to start viable businesses. A possibly valid speculation concerning these differences is that differences in educational opportunities of the different race groups in South Africa possibly underlie most of the significant differences found between the biographical and business backgrounds of the race groups.

The findings with regard to the venture capitalist's perception of the risk propensity of the different race groups and possible racial based prejudice prevailing in South Africa need further investigation.

These findings probably have important implications for future South African policymakers regarding educational, political and socio-economic reforms. The financial and career orientated educational assistance of potential entrepreneurs from the black population will probably need specific consideration, considering the previous statements regarding the probable influence of the educational opportunities of the different race groupings.

In the light of Harper's (1991) arguments regarding female entrepreneurs in underdeveloped countries it becomes evident that future studies will need to examine the characteristics and the problems encountered by black entrepreneurs, more specifically female black entrepreneurs since they will have a critical role to fulfil in the economic development of a Third World country such as South Africa.

The cross-validation results presented in Table 7 appears to indicate that one business variable and three biographical variables appeared in the discriminant models based on both the year groups and the total group. Therefore, the assumption can be made that these four variables are able to relatively reliably and validly differentiate entrepreneurs from different race groups in a South African context. These findings are consistent with past comments of Muchinsky (1987) and Rothstein, Schmidt, Erwin, Owens and Sparks (1990) regarding the validity of biographical predictors. Since race is only a label, researchers need to further explore what factors are causing these differences between entrepreneurs from the two race groups in a South African context.

A shortcoming of this study is that not much attention is given to potential differences in personality characteristics of entrepreneurs in different race and gender groupings. A combination of personality and biographical/business variables could therefore be a departure point for future research regarding the race and gender of entrepreneurs. Interactions among the variables on which the members of the two gender and race groups included in the study differed should also be investigated to form a clearer picture of how individuals from 'deprived' groups can be assisted in their quest to become successful entrepreneurs. The interaction between race and gender also needs further investigation.

The sample on which the study was based was drawn from one region of the venture capitalist's activity sphere. Care should therefore be exercised with regard to the generalizability of the results. A broader, more representative study is clearly needed to overcome this limitation of the present study.

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