SOCIAL CAPITAL, HUMAN CAPITAL, AND THE GROWTH OF WOMEN-OWNED ENTREPRENEURIAL FIRMS (SUMMARY)

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SUMMARY

SOCIAL CAPITAL, HUMAN CAPITAL, AND THE GROWTH OF WOMEN-OWNED ENTREPRENEURIAL FIRMS

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Principal Topic

Women’s entrepreneurship is characterized by a number of constraints including family responsibility as well as lack of relevant resources. Literature illustrates that as compared to men, female entrepreneurs often enter self-employment under resourced in terms of financial, human and social capital (Schmidt & Parker, 2003). Neergaard et al. (2005) mention that women’s social structure and the way they socialize have a major influence on the social capital endowments which they use in starting up their businesses, with women being less welcome than men in social networks. A number of authors (Brush et al., 2005; Minniti et al., 2005; Brush et al., 2004: 172) has mentioned the “lack of appropriate” social capital as one of the main hindrances to the faster growth of women-owned businesses. Whereas, Greene et al. (2003) and Minniti et al. (2005) have mentioned lack of human capital as one of the main reasons for the sluggish performance and slow growth of women-owned enterprises.

Method

To determine the impact of women entrepreneurs’ social and human capital on the growth and ultimate success of their businesses, an online questionnaire was administered in the Greater London, the East of England and the South East of England regions. Initial data was collected through 517 on-line filled questionnaires followed by 40 face to face in depth interviews. Statistical analysis was performed to study the impact of social capital and human capital with three dependent variables, employment growth, revenue growth and profit growth. The inductive analysis of qualitative data helped in acquiring in-depth information about the effect of individual capabilities of entrepreneurs as well as social connections on the growth of their businesses.

Results and Implications

The analyses of the quantitative data and in-depth interviews suggested that building, maintaining and utilising social capital has a significant positive effect on compound employment growth and sales growth of women-owned enterprises. However, the data does not show a significant effect on compound profit growth. Though, the direct impact of human capital on growth of women owned enterprises is not much significant, medium level of human capital plays a mediating role in the relationship of social capital and their compound sales growth. One of the outcomes of the research could be a guideline for the government or other business development agencies/organisations to have a greater understanding of the growth patterns of women-owned enterprises in the UK, which can enable them to cater for the needs of developing specific human capital as well as providing a conducive environment for the development of opportunities for building human and social capital for existing or potential women entrepreneurs.

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