



## **GENERATIONAL DIFFERENCES IN THE START-UP GOALS AND LATER SATISFACTION OF WOMEN SMALL BUSINESS PROPRIETORS**

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### **Abstract**

This paper examines generational differences in the start-up goals of a national sample of women small business proprietors and the satisfaction they derived from the achievement of these goals. Prior research has shown that there are gender differences in goals, but generational effects are an unknown quality in the small business literature. Using one-way ANOVA, the results reveal significant differences in initial start-up goals across generations, although levels of satisfaction were very similar.





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### **INTRODUCTION**

The workforce now includes four different generations, generally termed the ‘matures’ (those born between 1924 and 1945), the ‘baby boomers’ (those born between 1946 and 1964), generation X (those born between 1965 and 1980) and ‘generation Y’ (those born after 1980) (Mackay, 1997; Zemke, Raines & Filipczak, 2000). Because of this development, issues of generations and generational change are emerging as important areas of interest in management (Morgan, 1998; Jurkiewicz & Brown, 1998). Apart from suggestions that Generation X is more entrepreneurial than preceding generations (Zemke *et al.*, 2000), that ‘baby boomers’ may enter small business or entrepreneurial ventures as a means of extending their usefulness and financial security (Minerd, 1999) and that family businesses often lack succession planning (Kets de Vries, 1993; Stavrou, 1999; Davis & Harveston, 2001), little attention has been paid as to whether the generational change occurring in the workplace is relevant to small business owners and their entrepreneurial colleagues. Instead, the mainstay of academic research and literature in this field has been to concentrate, among other things, on the start-up aspects of a small business (Birley & Westhead, 1994; Still & Timms, 1997; Still & Soutar, 1999, 2000), various operational difficulties, such as obtaining finance, and the problems associated with ‘growing’ a business (King, Solomon, Fernald, 2001). Apart from recent interest in gender differences, probably because women are more recent entrants to small business and entrepreneurial ventures than men (Still & Guerin, 1990; Still & Soutar, 2001; Flinders University of South Australia, 1995), the emphasis has been on the functionality and sustainability of a business and the characteristics of the small business operator and their entrepreneurial ‘essence.’ There has been little interest in possible generational differences among small business proprietors, either male or female, apart from the work of Still and Soutar (2001). The present paper addresses this issue by using data collected from a national sample of female small business owners across Australia during 2003 to examine generational differences.

Small business and entrepreneurial proprietors have always crossed generational lines. However, in recent times the increase in small business and entrepreneurial activity has been largely caused by the ‘baby boomers,’ particularly, middle-class Australian women (Flinders University of South Australia, 1995; Still & Guerin, 1990; Still & Chia, 1995; Still & Timms, 1997, 1999) and GenXers (Carey, 1999; Steigman, 1999, Carter & Anderson, 2001). With the differences in values that are emerging among the generations, GenYers also seem to be interested in small business and enterprise (Zemke *et al.*, 2000).

Given the importance of women in small business (a third of Australian small businesses are now operated by women (ABS, 2001)) and the emerging significance of generational issues, the present paper explores possible generational differences in respect to a sample of women small business owners’ original start-up goals and their satisfaction with their achievement of these goals. Although exploratory, the paper is a further step towards understanding whether or not generational change will impact on the functioning and sustainability of small business.



## **Some Previous Research**

As already mentioned, little previous research has examined the generational issue in small business, either among men or women, apart from succession planning in family businesses. Instead, women's oriented research has concentrated on gender differences or attempts to define what types of women enter self-employment and the nature of their businesses (Still, 2002). In respect to owner's goals in starting a business, some gender differences have been found (Kaplan, 1988; Chaganti & Parasuraman, 1999; Still & Timms, 1999, 2000), with women pursuing social goals, such as providing good client service and quality, in addition to economic goals and men preferring economic goals alone. However, apart from the work of Still and Soutar (2001), there is little comparative evidence on a wider range of goals and no evidence as to whether small business proprietors have obtained goal satisfaction, either generationally or gender-wise.

The only previous research known to examine generational differences in goals and later satisfaction, although in conjunction with gender, is that of Still and Soutar (2001). Using a Western Australian sample, they found there were significant differences in the initial goals of male and female small business owners, as well as differences in the goals of owners from the different generations surveyed. It was also clear that gender differences were greater than were generational differences with women being more motivated by lifestyle considerations and less concerned about building a legacy for their family. It was also clear that GenX respondents were more motivated by life style considerations than were the older generations. The results also revealed that GenX were not so concerned with growth, preferring to stay small and have a balanced lifestyle.

Interestingly, recent overseas research (Carter & Anderson, 2001; Centre for Women's Business Research, 1999, 2001a, 2001b, 2003) and some other Australian research (Walker, 2000; Still, 2002) has revealed the emergence of some generational differences among women small business owners. It appears that GenX is now more interested in 'growing' the business than their older counterparts. In addition, they are less risk-averse than others, come from a variety of backgrounds, rather than from middle-class professional ranks, and are entering small business or entrepreneurial activities immediately after secondary and tertiary education. While some of these changes reflect marginal or incremental change, with the main 'profile' of women small business owners and their businesses remaining unchanged, they do indicate a shift in the type of new entrant to small business among women small business owners.

Accordingly, in an effort to determine if this emerging pattern of growth-oriented GenX women small business owners is also now evident in Australia, contrary to the initial findings of Still and Soutar (2001), the present paper reports on generational change on owner's initial goals for entering the business and their later satisfaction with these goals. The sample consists of 500 Australian women, with data collected in 2003.

## **THE PRESENT STUDY**

### **Data Collection**



The national sample of 500 women small business owners was obtained through the use of networks, the mailing lists of professional associations, the BEC structure, some private organisations that catered to the small business market and by advertisements in the main daily newspapers in the Eastern States. The latter elicited an enquiry rate of over 300 women, of whom 70% responded to the questionnaire.

### **The Questionnaire**

The questionnaire covered a broad range of issues concerning the start-up and operational aspects of a small business. Most questions came from previous research (Still & Guerin, 1990; Still & Chia, 1995; Still & Soutar, 1996, 2000; Still & Timms, 1999), but some items were original to this particular study. Included in the present analysis were two sets of questions that asked respondents about their goals for starting their small business and their satisfaction with the achievement of those goals. Some typical background information was also collected, including age, which enabled the analysis of interest to be undertaken.

### **The Sample's profile**

The sample included 1% genY, 29% genX, 60% 'baby boomers' and 10% 'matures'. Because of the low numbers of genY respondents, they were omitted from further analysis. The median age of the women was 44 years of age, with 94% of the sample being over 30. Approximately 83% were Australian born, 8% were of European origin, with another 8% covering other nationalities, including Asian. Seventy-one per cent were either married or living in a defacto relationship, 18% were single and 11% were either widowed or divorced. Some 67% of the sample had children, while 63% were tertiary educated.

Approximately 73% of the sample worked full-time in their business, while 39% were sole traders. Forty eight percent of the businesses had no employees (14% had 6 or more employees), 49% were home-based, and 39% were micro-businesses.

### **Data Analysis**

In the present study, the generations were defined in accordance with the age delimiters mentioned earlier. Matures included people over 58 years of age, 'Baby Boomers' were aged between 39 and 58 and Generation X respondents were aged from 23 to 38.

After an initial examination of the goals and achievement data, differences between the generations were examined through a series of one-way analysis of variance procedures. Discriminant analysis was also used to examine these differences in a multivariate way. The results obtained from the various analyses are outlined in the next section.

## **THE RESULTS OBTAINED**

The mean scores and standard deviations for the various initial goals in starting up a business and satisfaction with the achievement of these goals for the three generations (GenX, Boomers and Matures) are shown in Tables 1 and 3. Responses for the various items were obtained on a series of



five point scales, ranging from not important (1) to very important (5) and from not satisfied (1) to extremely satisfied (5), respectively.

**Table 1: Means and Standard Deviations – Start-up Objectives**

Item	Importance for GenXers		Importance for Boomers		Importance for Matures	
	Mean	Std Dev.	Mean	Std Dev.	Mean	Std Dev.
Achieving a balance between work and family *	3.08	1.52	3.69	1.40	2.96	1.40
Avoiding extreme stress *	3.10	1.45	3.39	1.39	2.91	1.43
Being my own boss	3.88	1.01	3.90	1.08	3.96	1.09
Building something to pass onto the family	1.89	1.20	1.77	1.17	1.71	1.29
Expanding professional network	3.02	1.30	2.90	1.35	2.74	1.54
Gaining control over my life	3.78	1.26	3.68	1.27	3.43	1.40
Gaining variety in my activities *	3.41	1.28	3.39	1.35	2.80	1.34
Starting small & staying small *	2.24	1.25	2.44	1.28	2.98	1.45
Achieving a high growth rate *	2.87	1.28	2.69	1.24	2.30	1.28
Creating a highly profitable business *	3.71	1.16	3.38	1.15	2.86	1.46
Making my name known in community	3.01	1.38	2.86	1.34	2.64	1.42
Meeting new challenges	3.82	1.10	3.81	1.03	3.48	1.31
Spending more time in leisure activities	2.60	1.39	2.55	1.26	2.12	1.14
Financial independence	4.03	1.04	3.85	1.20	3.66	1.36

\* Significantly different at the 5 % level

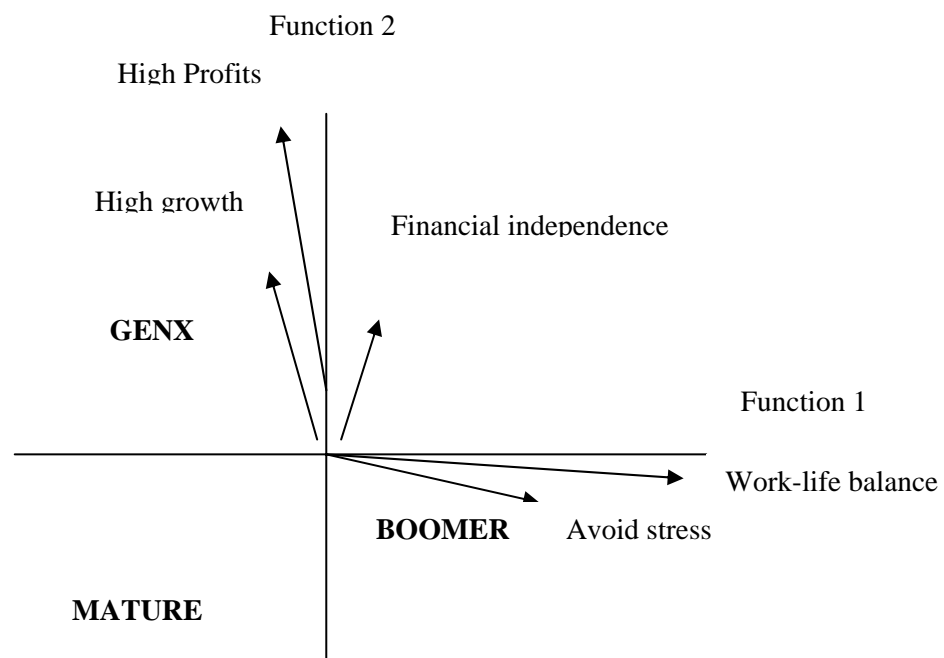
Table 1 suggests that most respondents had multiple objectives when entering business. For GenX respondents, financial independence (4.03), being your own boss (3.88) and meeting new challenges (3.82) were the most important reasons for starting a business, while starting small and staying small (2.24) and building something to pass onto the family (1.89) were the least important reasons for starting a business. For Baby Boomers, financial independence (3.85), being your own boss (3.90) and meeting new challenges (3.81) were also the most important reasons for starting a business, while starting small and staying small (2.44) and building something to pass onto the family (1.77) were also the least important reasons for starting a business. For the Matures, financial independence (3.66), being your own boss (3.96) and meeting new challenges (3.48) were also the most important

reasons for starting a business, while spending more time on leisure activities (2.12) and building something to pass onto the family (1.71) were the least important reasons for starting a business. It seems there is considerable agreement between the generations, at least in terms of the ordering of the reasons for starting a business. The Spearman correlations between the three groups, shown in Table 2, supported this view. The GenXers were most like the Boomers and least like the Matures, with the Boomers a middle group, as might be expected.

**Table 2: Rank correlations for Start-up Objectives by Generation**

	Genxers	Boomers
Boomers	0.94	
Matures	0.80	0.83

A series of one-way analysis of variance procedures on the 14 importance items found significant changes (at the 5% level) had occurred in 6 cases, as shown by the asterisks in Table 1, suggesting some differences in the magnitude of these objectives, however. A discriminant analysis was undertaken to examine these differences in a multivariate way. The F statistics between all of the pairs of generations were all significant well beyond the 1% level, suggesting these differences were real. After rotating the estimated discriminant functions to obtain simple structure (Soutar and McNeil 19xx), the centroids of the three generations were plotted in the obtained two-dimensional space, as can be seen in Figure 1.



**Figure 1: Generational Differences in Start-up Objectives (Discriminant Analysis)**

As can be seen from the Figure, the differences were related to life style (function one) and economic factors (function two). Mature respondents placed relatively less importance on both these aspects



than the other two generations, while Boomers were more concerned about life style and GenXers were more concerned about economic factors.

As was noted earlier, differences in satisfaction were also examined and the means and standard deviations of the fourteen items are shown in Table 3. As can be seen from Table 3, there is great similarity across the three groups. In each case, respondents were most satisfied with being their own boss, meeting new challenges and the variety they found in their work, while being least satisfied with building something to pass on and the amount of leisure time they had. This congruence was confirmed by computing Spearman rank correlations between the three sets of means as these correlations ranged from 0.84 to 0.98.

Again a series of one-way analysis of variance procedures were used to examine differences over between the three generations. In this case, there were no significant differences in any of the 14 items, suggesting that the three generations are equally well satisfied with their small business outcomes. This was confirmed by undertaking a discriminant analysis to see whether there were any multivariate differences. In this case, no significant function could be found and, using the F statistic between the groups, the three generations could not be differentiated from each other.

**Table 3: Means and Standard Deviations – Satisfaction Items**

Item	Satisfaction for GenXers		Satisfaction for Boomers		Satisfaction for Matures	
	Mean	Std Dev.	Mean	Std Dev.	Mean	Std Dev.
Achieving a balance between work and family	3.30	1.18	3.42	1.11	3.52	1.24
Avoiding extreme stress	3.10	1.15	3.04	1.17	3.20	1.15
Being my own boss	4.17	0.93	4.21	0.91	4.24	1.06
Building something to pass onto the family	2.62	1.24	2.51	1.41	2.53	1.50
Expanding professional network	3.57	1.00	3.48	1.11	3.44	1.37
Gaining control over my life	3.70	1.12	3.71	1.09	3.76	1.20
Gaining variety in my activities	3.78	1.15	3.82	1.08	3.61	1.24
Starting small & staying small	2.94	1.28	3.00	1.32	3.35	1.17
Achieving a high growth rate	3.26	1.12	3.11	1.16	3.03	1.09
Creating a highly profitable business	3.26	1.11	3.09	1.17	2.98	1.13
Making my name known in community	3.41	1.07	3.32	1.16	3.24	1.36
Meeting new challenges	3.93	0.94	3.80	0.96	3.84	1.27
Spending more time in	2.80	1.29	2.73	1.18	2.93	1.33





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leisure activities					
Financial independence	3.20	1.19	3.25	1.23	3.52 1.36

\* Significantly different at the 5 % level

## DISCUSSION AND CONCLUSIONS

The results obtained agree with overseas findings that GenXers are now more interested in the economic aspects of running a small business than previously was the case. The findings differ from those originally found by Still and Soutar (2001) in relation to this group. In the present situation, GenXers recorded higher mean scores for achieving a high rate of growth and in running a highly profitable business than did the other two generations. This supports anecdotal evidence of a change in intention. On all other aspects, however, the three generations were very similar, both in terms of the original goals for commencing their business and their subsequent levels of satisfaction.

While this paper only examined initial goals and later satisfaction with these goals, the results lend support to a consistent pattern or profile being revealed by women in small business across a number of studies (Still & Guerin, 1990; Still & Chia, 1995; Still & Timms, 1997, 2000; Still, 2002). However, this comment needs to be treated with caution as the samples have a bias towards middle-class professional women in the main.

In respect to generational change, the present study suggests the emergence of a new trend amongst GenXers in Australia. As mentioned previously, generational change, with the possible exception of succession in family businesses, is virtually a non-researched area in the small business and entrepreneurial literature. This paper, while exploratory, has opened a new channel of investigation in the small business area that should be of interest to other researchers.



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