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‘Gender, Resource Acquisition and Expected Future Size of Start-ups in the United Kingdom’

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Abstract

Capitalization of businesses at start-up is believed to influence future size. Using the Global Entrepreneurship Monitor UK database, we employ a two step Heckman procedure to show that gender has no direct effect in a model of expected future size of start-ups, but has an indirect effect as captured by an interaction term of gender and start-up capital. Female nascent entrepreneurs have a lower expected future size for their business per unit of start-up capital than their male peers, controlling for a wide range of business and personal characteristics. Implications are drawn for policy, female entrepreneurs and further research.

INTRODUCTION

High Growth Firms (HGFs) have attracted considerable attention from the academic and policy community in recent years (Henrekson and Davidsson, 2009). While much is known about the characteristics of high growth firms from business demography datasets in terms of firm size, industrial sector, business age and location (Anyadike-Danes Bonner, Hart & Mason, 2009; BERR, 2008), less attention has been paid to the relative importance of the characteristics of founders on future size expectation (Autio, 2007), despite the widespread acceptance in the entrepreneurship literature of the Theory of Planned Behavior, which posits that intention influences action (Ajzen, 1991).

We suggest that reframing the notion of venture growth in terms of ‘future size expectation’ addresses recent studies of firm growth which suggests that growth is discontinuous and exists for short periods between longer periods of stability (Garnsey, Stam & Heffernan, 2006; Levie & Lichtenstein, 2010; Anyadike-Danes et al., 2009). As Cliff (1998) has shown, for most entrepreneurs growth is a means, not an end. At any given time, entrepreneurs may have a preferred organizational size, which they may or may not have reached. In this paper, we attempt to model the future expected venture size of nascent, or start-up, entrepreneurs. Focusing only on start-ups has the advantage that there are no inertia or momentum effects on future size expectation. In addition, start-ups that grow significantly are believed to provide the majority of new jobs in each cohort of new businesses, and, over time, to make a major contribution to innovation and productivity gains in the economy (Autio, 2007).

From a policy perspective, the discontinuous nature of firm growth has profound implications for entrepreneurship policy, and in particular for ‘picking winners’ policies that attempt to identify and support the growth stars of the future. By recognizing that expectations can change as firms evolve, policymakers can avoid the disappointment of finding that for many of their chosen rising stars, growth turned out to be short-lived. By taking a more macro picture, and understanding what affects the distribution of future size expectation of cohorts of entrants, policymakers can avoid simplistic micro solutions such as supporting only those entrepreneurs who say they are going to grow, and instead try to influence factors that affect expected future size in general. One of these factors is the gender of the entrepreneur.

In the UK, only half as many women as men start businesses (Levie and Hart, 2010). Several recent policy initiatives in the UK were designed to increase the number of growth-oriented

women-led businesses. For example, the Strategic Framework for Women's Enterprise (2003) advocated a collective long-term approach to the development of women's enterprise in order to "significantly increase the numbers of women starting and growing businesses in the UK, to proportionately match or exceed the level achieved in the USA" (p.4). More recently, the UK Women's Enterprise Task Force report on "Greater Return on Women's Enterprise – GROWE" again emphasized the importance of creating opportunities to increase the quantity, scalability and success of women's enterprise (WETF, 2009).

These policies were based on the proposition that female entrepreneurs are, in comparison to males, averse to debt finance, resulting in potential undercapitalization of these businesses at start-up, which in turn adversely affect future growth potential. However, relatively little quantitative research has been conducted in the UK on how gender and growth aspiration interact (Martin, Warren-Smith, Scott & Roper, 2008). In the next section we consider the literature on gender-based differences in venture size, and hypothesize that higher caution among females will reduce future size expectation for a given input of resources. Thus we would expect to see a moderating and negative effect of female gender on the relationship between resource accumulation for start-up and expected future size, but no direct effect of gender. We test this hypothesis on a large sample of individuals in the UK surveyed as part of the Global Entrepreneurship Monitor research program, in a two-step procedure that first models propensity to become a nascent entrepreneur and secondly predicts a nascent entrepreneur's expected future size for their business, conditional on their entry into the start-up process. Following a discussion of the results, which support our core hypothesis, we draw implications for policy, for female entrepreneurs, and for further research.

GENDER AND VENTURE EXPECTATIONS

In this section, we reframe the debate over whether female entrepreneurs are discriminated against in the market for resources (the supply side argument) or avoid accessing resources (the demand-side argument). We argue instead that the more cautious disposition of females leads female entrepreneurs to seek a smaller expected future business size for a given level of resources.

In most countries, there is a significant gender gap in entrepreneurial activity (Allen *et al.*, 2007), and the reasons for this are disputed (Minniti, 2010; Minniti & Nardone, 2007). We know less about the future business size expectations of male and female entrepreneurs (Cliff, 1998; Manolova, Carter, Manev & Gyoshev (2007). Almost all the academic literature recognizes that women are not a homogenous group; this and the insight introduced in the previous section that growth is discontinuous leads us to take a population distribution approach to expectations of future business size, rather than trying to isolate a distinct group of growth-oriented women entrepreneurs (e.g, Gundry & Welsch, 2001).

In a study of 229 small business owners in Canada, Cliff (1998) found that female entrepreneurs are more likely to establish maximum business size thresholds beyond which they would prefer not to expand. Furthermore, their thresholds were smaller than those set by their male counterparts. Cliff concluded that female entrepreneurs seemed to be more concerned about the risks associated with fast-paced growth and tended to “deliberately adopt a slow and steady rate of expansion” (pp.523-524). Cliff noted that these strategies were less risky and therefore should be more attractive to banks.

Kepler & Shane (2007) posed the question “Are male and female entrepreneurs really that different?” Using data from the United States Panel Study of Entrepreneurial Dynamics (PSED) they concluded that, although there is evidence of gender difference on various aspects of entrepreneurial activity and behavior (e.g., opportunity identification; motivations for start-up and the propensity to start low risk/low return ventures), there were no significant gender differences with respect to firm performance.

Hart & O’Reilly (2007) conducted qualitative research on the growth orientation of women-led businesses in the East of England region of the UK and concluded that previous labor market experience is critical in shaping the businesses which women establish, but also that for many female entrepreneurs the motivations to start up in business are inextricably linked to “the family”. Many female entrepreneurs believed that their business had “high growth” *potential* as opposed to being “high growth”; few of these entrepreneurs had any formalized plans for growth or felt that their gender had a detrimental effect on these aspects of the business. There was a general aversion by the female entrepreneurs to use debt finance.

Verheul and Thurik (2001) examined the direct and indirect effects of gender on financial capital of Dutch start-ups. They considered both the amount and type of start-up capital and concluded that female entrepreneurs reported smaller amounts of start-up capital than their male counterparts after controlling for a range of other characteristics such as type of business; experience and time engaged in networking. Fairlie and Robb (2009) reported that US female-owned businesses had lower amounts of human and financial capital and devoted less hours to the business. They concluded that this was why female-owned businesses were “less successful” in terms of “survival rates, profits, employment, and sales” (p.375).

Manolova et al. (2007) found that men and women entrepreneurs in Bulgaria conceive new venture growth differently. In contrast to the approach of Cliff (1998), who viewed growth as a short term means to an end of an ideal firm size, Manolova et al. argued that entrepreneurs will choose to grow their ventures if they believe that their efforts will result in high new venture growth. They further argued that due to different socialization experiences, women may tend to see their businesses as “cooperative networks of relationships” rather than as an economic entity designed to achieve profit (p.412). They proposed that gender had direct and indirect (moderating) effects on growth expectancy, with gender interacting with human and social (but not financial) capital to affect growth expectation. They tested their hypotheses on a sample of 544 entrepreneurs whose businesses were less than 7 years old. They found support for the mediating effect of gender on the relationship between human and social capital and growth expectation, but in opposite directions: networking had a positive effect on growth expectations for men while human capital had a positive effect on growth expectations for women. They suggested the latter finding was due to the specific context of a transitional country like Bulgaria.

Though they are conducted in different countries, with different ends in mind, these studies suggest to us that there may be a connection between expected future size, resource accumulation and gender. These findings also suggest to us that women take a more cautious approach to the expected future size of their business, and that the assumptions of several authors that growth is success are not helpful in understanding empirical differences in trajectories of businesses owned by women and men.

Envisaging the future state of a new business requires estimation under conditions of uncertainty. Evolutionary psychology theory suggests that men and women evolved separate work roles and that these work roles involved different levels of exposure to risk and reward. Humans evolved as a social species living in small family groups. Female humans naturally found themselves in protective, nurturing, but vulnerable roles in which environmental stability and security was valued. Men naturally found themselves in competitive, resource accumulation roles that were often risky and uncertain (White, Thornhill & Hampson, 2006).

While evolutionary psychology suggests that gendered task roles have resulted in hard-wired differences in the way women and men approach uncertain situations, social feminist thought focuses on socialization differences in the lives of present-day women and men (e.g. Bussey & Bandura, 1999). Both sides of this nature/nurture debate lead us to the proposition that women are more cautious than men when faced with a situation of uncertainty. Empirical studies also suggest that security (safety, harmony and stability of society, of relationships, and of self) is valued more highly by women than men, and that this differential is relatively strong in the UK (Schwartz and Rubel, 2005). Another perspective on this issue, risk propensity, consistently finds that women are more risk averse than men (Jianokoplos & Bernasek, 1998). From this, we can deduce the following context-specific hypotheses:

Hypothesis 1: Women are less likely than men to start a business, *ceteris paribus*,

Hypothesis 2: Female entrepreneurs will commit *additional* resources to achieve a desired firm size in comparison to men, *ceteris paribus*.

Seen in the light of gender-based caution under uncertainty, previous arguments that women entrepreneurs are discriminated against in the market for resources, or are reluctant to grow, may be missing the point¹. A gender differentiation in caution may manifest itself in many ways that mirror prior empirical findings, including a greater need for professional autonomy among business women (Orser & Dyke, 2009); higher levels of over-confidence among males particularly with finance (Barber & Odean, 2001), perceived lack of self-confidence among women in the entrepreneurial context (Kirkwood, 2009), perceived reluctance of female business owners to engage with external sources of risk capital (see the review by Shaw, Marlow, Lam & Carter, 2009)., a higher drop-out rate of women from self-employment (Georgellis, Sessions, & Tsitsianis, 2007); and the casual observation that there appear to be fewer female-run outlier ventures at both ends of the performance distribution: fewer spectacular successes and also fewer spectacular failures. In the next section, we describe how we tested the hypotheses.

METHOD

Previous empirical research indicates that the entrepreneurial attributes most likely to influence the growth trajectory of new start-up businesses are a combination of motivation, work skills and information (e.g., Barkham, 1994; Birley & Westhead, 2004; Barkham et al., 1996). However, Delmar & Davidsson (2006) argue that many of the studies are retrospective once the business has been launched and suffer from the twin weaknesses of ‘hindsight biases’ (poor recollection of what actually happened) and positive selection biases (data available on only those up and

¹ We expect that H1 and H2 will hold in relatively resource-rich environments. If resources are scarce, women may be forced to create new economic activity in order to provide for their families. Our context, a relatively wealthy nation with an advanced welfare state, is a resource munificent one.

running a business). To avoid these biases, we employ a large sample of nascent entrepreneurs, i.e. individuals who are actively trying to start a business².

For the empirical analysis we used the pooled Global Entrepreneurship Monitor (GEM) dataset from the UK covering the period 2002-2008. The distinctive feature of this survey is that it provides information at both the business level and the individual entrepreneur level. Data was collected through a random telephone survey stratified by region to the whole UK adult population, which enables control for selection bias (Levie, 2007). The final sample is comprised of 80,344 observations, of which 2027 are classified as nascent entrepreneurs³, defined as individuals aged between 18 and 64 who were actively trying to start a business that they would manage and own, at least in part, and which had not paid wages for more than 3 months.

For the dependent expected future size variable, we use the GEM question which asks nascent entrepreneurs “Approximately how many people will be working for this business, not counting the owners but including all exclusive subcontractors, when it is five years old?” We model propensity to start a business, and then for those who have opted to try starting a business we model expected future size, as a function of the quality of the general and specific human capital (Becker, 1975), social capital and financial capital available to the business. We suggest that founder’s general human capital may at the same time increase the range of perceived opportunities to start a business and raise the opportunity cost of entrepreneurship versus other occupations (Evans & Jovanovic, 1989). Thus, founders with superior general human capital,

² A recent follow-up of a sample of 198 UK-based nascent entrepreneurs sampled in 2009 using the same methodology employed in this paper found that 70% of them had started their businesses one year later.

³ Due to a high presence of missing values for some variables among entrepreneurs their percentage among the adult population is lower than in the original sample. We ran analyses with and without these variables (household income and startup capital, in which 17.5% of values were missing) and with alternative variables and obtained similar results. We could find no evidence of systematic bias in the missing values.

such as graduate education and high income, will choose entrepreneurship only if it offers superior intellectual and financial rewards. Founders with superior financial capital will be more able to leverage the funds required to start and grow a business to a future desired size.

Autio (2007) found in an analysis of the individual characteristics of nascent and new entrepreneurs with relatively large future expected business size high that education and household income were significant predictors. As well as graduate education, we include highest reported household income category (£100,000 or more), as we expect stronger effects of wealth among the highest percentiles (Hurst & Lusardi, 2004). Other variables found to be associated with entry and/or expected future size include age group, ethnic minority status, location in London, technological novelty and industry sector (Levie, 2007; Anyadike-Danes et al., 2009). We use these as controls, while gender is our principal individual level predictor.

There are four firm level variables included in the analysis. First, and central in our analysis, we include the amount of start-up capital required for the start-up as reported by the nascent entrepreneur. Second, we include the sector of the start-up in order to reflect the observation that male and female entrepreneurs tend to work in different sectors of the economy. For example, female entrepreneurs are more likely to be engaged in new venture creation in retail and service sectors. Third, a variable is included to capture the extent to which the nascent venture will use new technology (i.e., technology which was not in widespread use 12 months previously). This is designed to control for the effects of new technology on growth as we seek to isolate direct gender effects. Finally, we insert a dummy for solo founders.

Data on start-up capital and expected number of employees in the GEM dataset was highly skewed, so in order to control for outliers we followed the Winsor technique: that is, the highest

start-up capital values were truncated at the 99% percentile value. The same procedure was applied for the expected number of employees (the dependent variable). Both variables were also transformed using natural logs (of the original number plus one, to account for cases with no startup capital or expected employees).

We argue that there is a selection issue that needs to be addressed before the analysis of expected future size can be undertaken. In many countries, including the UK, women are significantly less likely than men to be nascent or new business owners (Allen et al., 2007; Wagner, 2007). So, before we run the regression for expected future size we need to control for the different ways women and men perceive the net benefits of running their own business compared to the net benefits of their alternative economic options.

To do this, we ran a Heckman selection model which required the inclusion of one variable in the selection equation (i.e. being a nascent entrepreneur) that is not, *a priori*, associated with expected future size and, therefore, can be excluded from the main equation. Previous research has pointed to the increased likelihood of an individual entering entrepreneurship if she/he belongs to a more entrepreneurial social group. These peer effects may increase non pecuniary benefits of entrepreneurship, as they may enhance their perceptions of entrepreneurs' social status as well as their learning experiences (Nanda & Sorensen, 2010; Giannetti & Simonov, 2009). For this reason, we expect to find that knowing personally an entrepreneur in the last two years will increase the propensity of an individual to start a new business. By contrast, we do not find any theoretical foundation to expect any correlation between high growth entrepreneurial entry and this social network effects. This exclusion restriction was tested by running the second stage equation and adding this variable; it was statistically insignificant.

RESULTS

The descriptive statistics are presented in Table 1. Where variables correlated highly with each other, such as start-up capital and number of owners, these variables were not entered together. The models with sample selection are presented in Table 2. The first stage was a choice model – is the case in the group or not? The second stage then estimated the independent effects of the independent and control variables on expected future size. The coefficient for Lambda was negative and significant, indicating that our decision to deploy the Heckman 2 stage procedure was justified.

Insert Tables 1 and 2 here

In Table 2, model 1, stage 1, the effect of gender on propensity to be a nascent entrepreneur is negative and significant after controlling for a range of other individual characteristics, supporting Hypothesis 1. When an interaction term of gender and startup capital is included in stage 2 of model 2, the direct effect of gender on expected future size seen in stage 2 of model 1 becomes insignificant when predicting expected future size of a nascent venture, but the interaction term is negative and significant. In other words, after we control for the sector in which they are setting up their business and a bundle of individual level variables, being female does not lower (or raise) the expected future size of a nascent venture, but females expect a lower future venture size per unit of startup capital (recall these variables are on a log scale). This supports Hypothesis 2. All the controls performed as expected, with the exception of London and being an informal investor, which were not significant.

Looking closely at these other ‘control’ variables we note that personal financial capital (household income) is positive and significant. We had data on the sources of funding (family, friends and neighbors, financial institutions, government agencies) for most years in our sample, but none were significant, so were left out of the final models. We also replaced our measure of startup capital with number of owners, a measure of amount of human capital, and found similar results: an interaction term of number of owners with gender was negative and significant, again indicating that for a given unit of resource allocated to the venture, females had a lower expected size. In this case, however, there was a direct (negative) effect of gender, indicating that the moderating effect was partial.

CONCLUSIONS

We have sought to reframe the debate on gender, resources and growth to demonstrate the value of thinking in terms of expected future size. When the discontinuous nature of firm growth is recognized, then the effect of gender can be seen in a new light. Using evolutionary psychology theory and social feminism theory, we developed a core proposition that females are more cautious in contexts of uncertainty. From this we hypothesized that this caution has a negative effect on selection into entrepreneurship and then affects the way resources are deployed to achieve future expected size. Because of their caution, females use *more* resources to try to achieve a given future expected size. Turning this around, we can say that female entrepreneurs typically have a lower future expected size per unit of resource. Seen through the lens of growth as a goal, this phenomenon can be misinterpreted as under-performance. Through the lens of future expected size, it can be seen as cautious marshalling of resources given the uncertainties of new venture creation.

We found this phenomenon to hold for two types of resource: amount of financial capital (start-up capital) and amount of human capital (number of owners). Future work could investigate interaction terms between type of funding and gender, and hours worked on the venture and gender. The latter could provide an interesting test of Erikson's (2002) original concept of entrepreneurial capital as a multiplicative function of entrepreneurial competence and entrepreneurial commitment, as well as inform more recent perspectives on entrepreneurial capital (Shaw et al., 2009; Fletschner & Carter, 2008).

Our findings have possible implications for policymakers. Rather than searching for ways of encouraging women to take on additional resources, policymakers could try to understand the sources of risk that women entrepreneurs are concerned about and seek to remove these, where possible. This would have the added positive effect of reducing these risks on male entrepreneurs – who might not be as aware of them as their female peers. The findings also have implications for female entrepreneurs, who may feel uncomfortable with conventional growth values but unable to articulate their discomfort (Shaw et al., 2009). By asserting the notion of expected business size rather than growth, they can identify specific resources needed to reach and maintain their expected business size and identify specific barriers to overcome step by step, without having to leap into the unknown. This could also reduce the resources they feel they need to acquire as a safety net, resulting in higher productivity.

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Table 1. Sample descriptives

	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	
Firm level variables																									
Expected no.																									
1	1.7	1.3																							
2	0.5	0.5	-0.2*																						
3	42.9	11.8	-0.04	-0.03*																					
4	1978.7	1012.0	-0.03	-0.04*	0.99*																				
5	0.3	0.5	0.06*	-0.01*	-0.08*	-0.08*																			
6	1.0	0.2	-0.09*	0.02*	0.12*	0.12*	-0.08*																		
7	0.0	0.2	0.15*	-0.03*	0.01*	0.01	0.12*	0																	
8	0.0	0.2	0.07*	0	-0.05*	-0.05*	0.07*	-0.22*	0.05*																
9	9.2	2.5	0.36*	-0.18*	0.06*	0.05*	0.04*	-0.05*	0.11*	0.05*															
10	0.0	0.2	-0.07*	-0.02	0.05*	0.05*	-0.04*	0.05*	-0.03*	-0.04*	0.02														
11	0.1	0.3	0.01	-0.19*	-0.05*	-0.05*	-0.18*	0.06*	-0.03*	-0.03*	0	-0.15*													
12	0.1	0.2	0.04*	-0.03*	0.03*	0.03*	0.01	0.01	0	0	0.01	-0.04	-0.05*												
13	0.0	0.2	0.03	-0.05*	0.02	0.01	-0.05*	0	-0.02	-0.03	0.03	-0.04*	-0.04*	-0.08*											
14	0.0	0.2	0.01	-0.06*	-0.03*	-0.03*	-0.06*	-0.01	-0.01	0	0.01	-0.09*	-0.04*	-0.09*	-0.05*										
15	0.2	0.4	0	0.06*	-0.02	-0.02	-0.04*	-0.08*	-0.05*	-0.01	0.09*	0.09*	-0.09*	-0.17*	-0.11*	-0.09*									
16	0.1	0.2	0.04	-0.05*	0.03	0.03	0.02	-0.02	0.06*	0.02	0.12*	-0.05*	-0.05*	-0.09*	-0.06*	-0.05*	-0.05*								
17	0.2	0.4	0.07*	-0.02	0.07*	0.07*	0.18*	0.01	0.08*	0.01	-0.04*	-0.05*	-0.12*	-0.22*	-0.14*	-0.12*	-0.13*	-0.26*							
18	0.1	0.3	-0.09*	0.19*	-0.01	-0.01	0.08*	-0.01	-0.02	0.02	-0.07*	0.15*	-0.07*	-0.14*	-0.09*	-0.07*	-0.08*	-0.16*	-0.08*						
19	0.1	0.3	-0.07*	0.11*	-0.07*	-0.07*	-0.01	0	0	0.03*	-0.13*	0.09*	-0.07*	-0.13*	-0.09*	-0.07*	-0.07*	-0.15*	-0.08*	-0.2*					
20	0.0	0.1	0.09*	-0.04*	-0.01*	-0.01*	0.01*	-0.01*	0.02*	0.01*	0.02	-0.01	-0.01	-0.02	0.01	0.02	0.01	0.01	-0.02	0.01	0				
21	0.0	0.1	0.09*	-0.04*	0.01	0.01	0.04*	-0.03*	0.07*	0.02*	0.09*	-0.05*	0.02	-0.02	0.01	0.01	0.01	0.02	0.04*	-0.01	-0.03*	0			
22	0.0	0.1	-0.31*	-0.05*	-0.03*	-0.04*	0.03*	-0.02*	0.01	0.01	-0.28*	-0.02	-0.02	-0.05*	0.03*	-0.05*	0.01	0.03*	-0.04*	-0.04*	0.04*	0.07*	0.14*		
23	0.3	0.4	0.16*	-0.1*	-0.12*	-0.13*	0.12*	-0.04*	0.07*	0.02*	0.11*	-0.07*	-0.03*	-0.03*	0.01	0.02	0.02	0	0.04*	0.04*	-0.04*	-0.02	0.05*	0.14*	

n= 80,344 for the whole sample; n= 2,027 for variables just available for entrepreneurs. * correlations significant at the 0.05 level.

Table 2: Selection Models (Heckman) of Growth Expectation

	(1)		(2)	
	Selection Equation (y=entrepreneurship)	Main Equation (y=expected no. employees)	Selection Equation (y=entrepreneurship)	Main Equation (y=expected no. employees)
Female	-0.27*** (0.02)	-0.26*** (0.06)	-0.27*** (0.02)	0.2 (0.19)
Age	0.03*** (0.01)	-0.04** (0.02)	0.03*** (0.01)	-0.04** (0.02)
Age sq	0*** (0)	0** (0)	0*** (0)	0** (0)
Graduate	0.14*** (0.02)	-0.03 (0.05)	0.14*** (0.02)	-0.03 (0.05)
White	-0.22*** (0.04)	-0.23** (0.09)	-0.22*** (0.04)	-0.23** (0.09)
High Income	0.04 (0.05)	0.4*** (0.11)	0.04 (0.05)	0.38*** (0.11)
London	0.07 (0.05)	0.16 (0.11)	0.07 (0.05)	0.16 (0.11)
Know entrepreneur	0.5*** (0.02)	.	0.5*** (0.02)	.
_cons	-2.38*** (0.13)	2.88*** (0.44)	-2.38*** (0.13)	2.71*** (0.45)
Start-up capital		0.13*** (0.01)		0.15*** (0.01)
Female*su capital		.		-0.05** (0.02)
Agriculture, forestry, hunting, fishing		-0.51*** (0.15)		-0.48*** (0.15)
Mining, construction		-0.14 (0.12)		-0.12 (0.12)
Utilisation, transport, communications		-0.06 (0.15)		-0.06 (0.15)
Wholesale trade		-0.23* (0.14)		-0.21 (0.14)
Retail trade, hotels & restaurants		-0.18* (0.1)		-0.16 (0.1)
Fin. intermediation, real estate activities		-0.34** (0.14)		-0.33** (0.14)
Business services		0.03 (0.1)		0.04 (0.1)
Govt, health, education, social services		-0.2* (0.11)		-0.2* (0.11)
Consumer service activities		-0.12 (0.11)		-0.11 (0.11)
New technology		0.28*** (0.07)		0.27*** (0.07)
Informal Investor		0.04 (0.1)		0.02 (0.1)
Solo-founder		-0.42*** (0.05)		-0.42*** (0.05)
Lambda	-0.48*** (0.11)		-0.48*** (0.11)	
No. of obs	80,344		80,344	
Censored obs	78,317		78,317	
Uncensored obs	2,027		2,027	

Note: ***significant at 0.01; ** significant at 0.05; * significant at 0.1. Manufacturing sector is omitted from the regression.