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## Why Gender Matters in Entrepreneurship: Perception of Success among Indian Women Entrepreneurs

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### Abstract

*The present study explores the construct of success in relation to entrepreneurship, with the objective of providing insight into women entrepreneurs' perception of success. It presents the findings of an empirical examination of the perceived importance of 10 key measures of success adapted from Moore and Buttner (1997). Results, based on a sample of 164 urban Indian WEs, show that measures such as customer loyalty, self-fulfilment and personal goodwill take precedence over goal achievement, work-family balance and other financial or community related measures of success. Further, measures of success for WEs could be cumulated into three overarching success indicators – Operational effectiveness (OE), Growth ambition (GA) and Personal gratification (PG). OE, the factor related with customer and employee satisfaction as well as goal achievement and goodwill, was concerned with overall effectiveness in the business operation process. GA, linked with profits, growth in sales revenue and number of employees, was concerned with business growth ambition. PG, related with self-fulfilment, community contribution and work-family balance, was concerned with the gratification of the WE's personal needs. This highlights the need for further empirical research to validate the framework and extend its precincts through establishing cohorts by relating it with WEs' personal and business profile.*

**Keywords:** Gender in Entrepreneurship, Perception of Success, Women Entrepreneurs (WEs).

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### 1. Introduction

Owing to considerable research on women entrepreneurs (WEs) for almost the last four decades, there is now a level of clarity around the processes or factors which motivate some women towards entrepreneurship, the psycho-social variables that accelerate or impede their entrepreneurial activity, and how these processes, factors and variables vary from their male counterparts (Jennings and Brush, 2013). However, the discourse underlying entrepreneurial representation and consequently the defining characteristics of the entrepreneurial profile are fundamentally masculine in nature (de Bruin *et al.*, 2006; Ahl and Marlow, 2012). Possibly as a result of this, entrepreneurship research characterizes success almost exclusively through 'hard' measures of firm performance, including growth in sales, profits, and/or employees (Brush and Vanderwerf, 1992; Chaganti and Schmeer, 1994; Chrisman *et al.*, 1998; Davidsson *et al.*, 2006).

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A broad outcome of this stream of research has been that female entrepreneurs do not “measure up” to men (Ahl, 2006; de Bruin *et al.*, 2006; Ahl and Marlow, 2012), bringing about the ‘female underperformance hypothesis’ (Du Rietz and Henrekson, 2000), the notion that WEs are less successful than their male counterparts. However, the number of studies providing mixed evidence on the effect of gender on firm performance has been growing. Research suggests that there is no significant difference in the performance of female-led firms on financial ratios such as return on sales, assets or equity (Fischer *et al.*, 1993; Chaganti and Parasuraman, 1996; Robb and Watson, 2012). A few studies show that there are no significant differences in the productivity (by value added per worker and total factor productivity) (Bardasi *et al.*, 2007), or performance outcomes of female entrepreneurs as compared to male entrepreneurs (Kepler *et al.*, 2007). Besides, it was later found that differences in the performance of female- and male-owned firms dissipate upon adopting performance measures that adjust for firm size and risk and controlling for key demographic variables including the age and industry of business (Robb and Watson, 2012; Zolin *et al.*, 2013).

Further, critiques of this body of literature suggest that apart from contextual and social factors (Brush *et al.*, 2009; Marlow and McAdams, 2013), it is also vital to consider the range of success criteria that business owners identify as important (Orser and Dyke, 2009; Kirkwood, 2016). This is because WEs have been found to be as satisfied with the success of their businesses despite experiencing lower levels of business performance and sales as compared to male counterparts (Powell and Eddleston, 2008). However, empirical research on women’s entrepreneurial success, in this sense, is especially seen to be fragmented (Pollard, 2006). Key psychological and social factors, which are known to be critical for women, have been overlooked in the assessment of entrepreneurial success (Kilduff and Mehra, 1997; Coviello and Jones, 2004). Further, even in the Indian context, financial success measures have traditionally been given weightage in this regard (Panda, 2002; Chattopadhyay and Ghosh, 2002). Therefore, there is a need to examine the meaning of success for WEs in terms of the subjective criteria used by them for gauging their success. Hence, the primary objective of this research is to explore the perceived importance of various measures of success for WEs.

## 2. Entrepreneurial Perception of Success: A Brief Review of Literature

Entrepreneurs may have their own perception of success and any extrinsic definition has little relevance if they do not see themselves as successful (Simpson *et al.*, 2004). Their criteria of success not only help them appraise, interpret and categorize information but also serve to guide decision-making (Fagenson, 1993). Entrepreneurs’ goals and their importance to them seem to act as motivators to enter self-employment and sustain business operations (Kuratko *et al.*, 1997). These reasons for starting a business are, subsequently, reflected in the measures used by the entrepreneur to evaluate success (Walker and Brown, 2004). Specifically, women may be motivated by a more complex combination of goals for starting a business as compared to men (Brush, 1992; Collins-Dodd, *et al.*, 2004), which then influence their perception of success (Buttner and Moore, 1997).

Findings from some gender comparative research studies reveal that women tend to place greater emphasis on non-pecuniary values or intrinsic definitions to benchmark success vis-à-vis their male counterparts (Fernand and Solomon, 1989; Olson and 1992; Orser and Riding, 2004; Justa *et al.*, 2006; Orser and Dyke, 2009). However, others do not support this notion (Fagenson, 1993; Catley and Hamilton, 1998; Walker and Brown, 2004; Kirkwood, 2016). One study clarified that personal satisfaction and achievement, pride in the job and flexible lifestyle were valued higher than wealth creation by all entrepreneurs. However, the location of the business (home/external) impacted the measures of success, such that lifestyle factors were significantly

more important and financial criteria were significantly less important for home-based business owners (Walker and Brown, 2004). Moreover, another research brought out that having dependent children led to a significant difference in success criteria of both men and women in terms of a stronger preference for independence as a success criterion, but the effect was stronger for women (Justa *et al.*, 2006). Further, research studies focusing on a female entrepreneurial sample reveal that they describe success largely in terms of satisfaction in work, customer service, freedom to choose daily activity, community contribution, reputation, children's well being and the overall perceived quality of life (Collerette and Aubrey, 1990; Buttner and Moore, 1997; Fenwick and Hutton, 2000; Kyro, 2001). A small number of studies also underline the importance of financial criteria (Carter and Cannon, 1988; Lee-Gosselin and Grise, 1990; Buttner and Moore, 1997). The larger number of studies indicating greater importance to intrinsic measures of success by WEs as well as the influence of key family and business characteristics to their perception of success pinpoints the need to examine the women business owners' perception of success in greater detail.

### **3. Method**

#### ***Sample and Measures***

The premise of this study is that entrepreneurs define success through the importance they assign to different outcomes associated with their work. Hence, a self-report measure adapted from Moore and Buttner (1997) was utilized to assess the perceived importance of ten key measures of success: profits, self-fulfilment, personal goodwill, community contribution, balance between family and work balance, goal achievement, employee growth, employee satisfaction, sales revenue growth and loyal customers. Scale reliability was established by computing Cronbach's alpha,  $\alpha = 0.80$ .

Data was collected using a cross-sectional questionnaire survey conducted on a purposive random sample of women entrepreneurs located throughout India. The sampling frame comprised of industry databases provided by various state chapters of a prominent international entrepreneurs' association active in India. The database, consisting of both women entrepreneurs and senior corporate business leaders, was screened to separate the two categories and 306 women entrepreneurs were identified. These entrepreneurs were then invited to contribute to the research by completing the survey questionnaire. After multiple follow-up attempts, a total of 164 completed questionnaires were obtained, denoting a response rate of 53.6%. The data was coded and then inserted into the SPSS software package for analysis. As the study was exploratory in nature, hypothesis testing was not carried out. Descriptive statistics were computed and then factor analysis, i.e. principal component analysis technique along with varimax orthogonal rotation, was applied.

#### ***Respondent Profile***

An analysis of the human capital profile of the respondents reveals that the sample consists largely of well-educated middle-aged women. A typical woman entrepreneur in the sample was between the age of 41 and 42 and had a master's level or higher degree (59.8 percent). Besides, 39% of the entrepreneurs possessed some vocational qualification or certification relevant to the business, while 57.9% had been through business-oriented training, or even entrepreneurship development programs tailored specifically for women. 44.5% of the total respondents had relevant industry-specific work experience before turning entrepreneurs and 65.2% of the respondents had key business/managerial exposure as a result of their past work experience. 78% of the women entrepreneurs were married and 67.1% were parents. A vast majority (86%) of the respondents founded/co-founded new businesses, while 14% of respondents joined existing

running businesses. Majority of respondents were sole owners (44.5%) or possessed equitable stakes with co-founders/ partners in private limited companies (34.5%) and partnerships (17%). While the respondents belonged to diverse industries, it is starkly noticeable that only 8.1% of the respondents hailed from manufacturing industries, while the rest 91.9% operated in the services domain. At the time of the survey, the average entrepreneurial tenure of the respondents was around eight years. Revenue turnover and number of employees exhibit wide variation in the data. Though 34.5 percent respondents mentioned their firm's gross revenues as being less than Rs. 25 lakhs annually, 17 percent had revenues more than Rs. 1 crore. Similarly, 67.5% respondents had less than 20 employees in their organizations, but the average number of employees was 38.2 people, with the high standard deviation (S.D. = 89.19) implying a sizeable range of micro versus large businesses.

#### 4. Findings

A 5-point (not at all important–extremely important) rating scale was used to assess the relative importance of 10 entrepreneurial measures of success. As per mean importance, loyal customers, self – fulfilment, personal goodwill, goal achievement and employee satisfaction were relatively the most important measures of success for WEs. Following these were work-family balance, societal welfare, sales revenue growth, profits and growth in employee numbers. However, all the given measures have been rated very highly by the respondents, such that the least important measure 'growth in employee numbers' has a mean score of 3.51, which depicts their holistic view of success. Figure 1 depicts the relative importance of the various measures of success to women entrepreneurs, by illustrating the movement of the mean score from the most important factor to the least important.

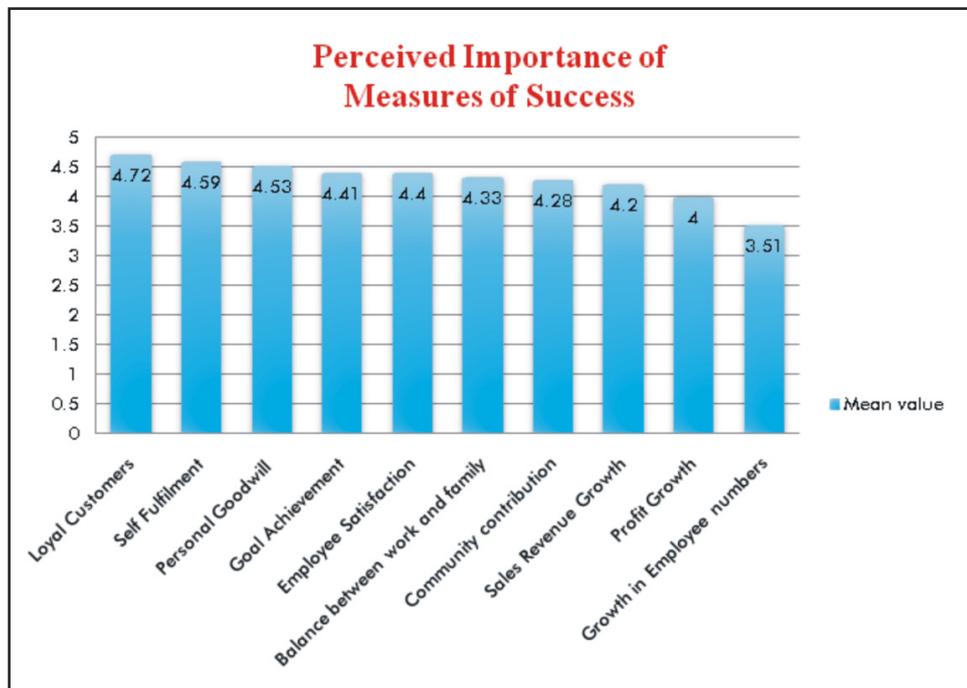


Figure 1: Perceived Importance of the Various Measures of Success

To further explore if the ten measures of success, could be condensed into a smaller set of latent factors, factor analysis was employed. Factor analysis as a technique serves a dual purpose of both reducing the number of variables, as well as detecting the underlying structure in the relationships between the variables. It often proves useful in revealing a theoretical model of latent factors that causally affect the structure of observed variables.

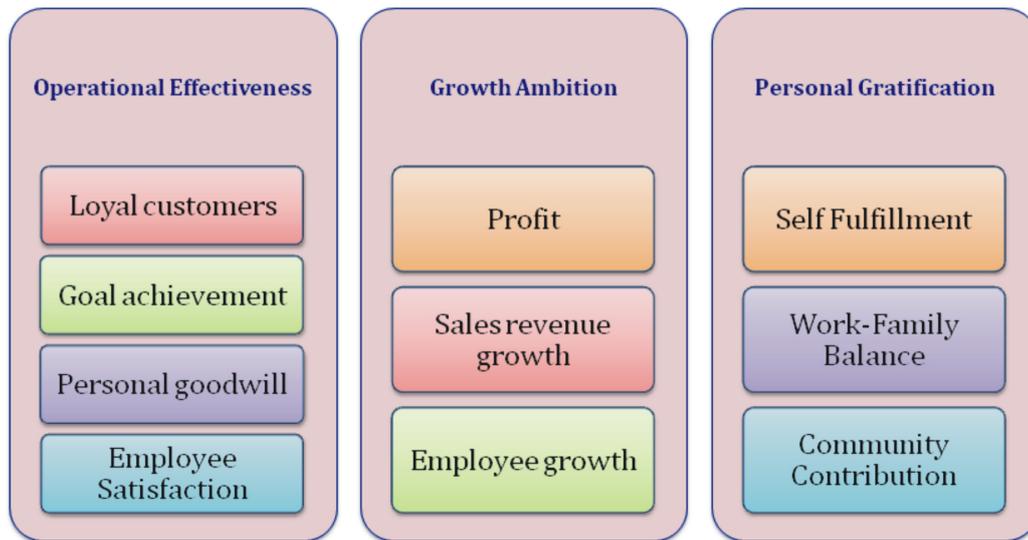
The appropriateness of this analysis for the present data was checked by applying the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test of Sphericity. The value of the KMO measure (0.824) was large. The Bartlett's statistic was 458.522 with 45 degrees of freedom, significant at the .000 level. Hence, both these tests were found to support factor analysis in the present study. Thereafter, Varimax rotation, with Kaiser normalization, was utilized. The rotation was seen to converge in 5 iterations. The final rotated component matrix depicting the factor loadings has been presented in Table 1.

Three underlying factors were found to emerge from the principal component analysis. The first factor, related with customer and employee satisfaction as well as goal achievement and goodwill, was found to be concerned with the overall effectiveness in the business operation process. The second factor, linked with profits and growth in sales revenue and number of employees, was concerned with business growth ambition. The third factor, related with self-fulfillment, community contribution and work-family balance, was found to be concerned with personal gratification for the woman entrepreneur.

**Table 1: Factor Loadings of Each Measure of Success on the Resultant Factors**

Measures of Success	Mean	Std. Deviation	Factor	Factor	Factor
			1	2	3
MS1 Profit	4.00	.799		.806	
MS2 Self Fulfillment	4.59	.574			.674
MS3 Personal Goodwill	4.53	.669	.646		.438
MS4 Community Contribution	4.28	.764			.711
MS5 Balance between work and family	4.33	.776			.757
MS6 Goal Achievement	4.41	.682	.712		
MS7 Employee Growth	3.51	1.077		.751	
MS8 Employee Satisfaction	4.40	.756	.590		
MS9 Sales Revenue Growth	4.20	.871	.435	.758	
MS10 Loyal Customers	4.72	.581	.823		

Thus, the analysis uncovered that that measures of success for women entrepreneurs could be cumulated into three overarching success indicators – Operational effectiveness, Growth ambition and Personal gratification. The key measures of success loading on these indicators are presented in Figure 2.



**Figure 2: Overarching Success Indicators and their Constituent Dimensions**

## 5. Conclusion and Need for Future Research

Findings depicting the precedence of customer loyalty, self-fulfilment and personal goodwill over financial or community related measures of success reinforce the contention that entrepreneurial success for women cannot be adequately assessed in solely economic terms. Results are in line with the findings of Collette and Aubrey (1990) and Kyrö (2001), regarding customer service and satisfaction being key measures of success for women entrepreneurs, and that of Buttner and Moore (1997), with self-fulfilment being a critical measure of success, more important than profits and growth in employee numbers. Even though the need to balance work with family responsibilities is often documented as a key motivation for women to turn entrepreneurs in the first place (Brush, 1992; Still and Timms, 1998; Kepler *et al.*, 2007), work-family balance is seen to hold lesser importance as compared to criteria such as customer satisfaction and self fulfilment, in line with the findings of Buttner and Moore (1997) as well as Lee-Gosselin and Grise (1990).

Consistent with general entrepreneurship literature, the results of this study suggest that WEs perceive success as a “hybrid of individual success and the success of entrepreneurial activities” (Fischer *et al.*, 2014). Further, as mentioned earlier, personally defined criteria of success including psychological indicators of success and well-being, have rarely been explored in context of entrepreneurs, with few exceptions (Chay, 1993; Parasuraman *et al.*, 1996). This once again highlights the need for research that can assess entrepreneurial success for women using a combination of both extrinsic and intrinsic criteria instead of the traditional measures of success.

Moreover, the aggregation of the resultant measures of success for WEs into 3 overarching indicators – Operational effectiveness (OE), Growth ambition (GA) and Personal gratification (PG), has been a unique contribution of this study. In the limited knowledge of the authors, there is no study till date that has researched Indian WEs’ perceived measures of success. There is a need for further empirical research to validate this framework and extend its precincts by relating it with the personal, family and business profile of the WEs and establishing cohorts of WEs that would employ these overarching factors as measures of their success in business.

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