

The Impact of Gender to Small Business Growth

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Abstract: This paper indicated gender differences found in small business growth. The results of a pilot study indicate that owner-managers from middle-class families reveal high growth motivations and have been able to perform well in their businesses compared to those owner-managers from lower-class families. In terms of gender differences in relation to perceived business performance, we found that, female owner-managers have different perception of business growth. They measured business performance in terms of meeting personal goals they had set when they started their businesses.

Keywords: Gender, small business growth, Vietnam

I. INTRODUCTION

The purpose of this study is to contribute knowledge about reasons for existing gender differences in relation to small business growth.

The explanations for the identified gender differences in entrepreneurship performance tend to focus either on behavioural factors or structural factors. Scholars of behavioural theories (McClelland, 1965; Brockhaus, 1980; Sexton and Bowman-Upton, 1990) have focused on trait factors in explaining owner-managerial performance differences. On the other hand, other researchers (Du Rietz and Henrekson, 2000; Fabowale, et al 1995; Glancey, 1998) have focused on structural factors to explain the differences. We argue that, these studies have tried to explain the performance differences in a one-sided perspective. In other words, this behavioural-structural dichotomy replicates the traditional structure-agency divide in social theory (Gorton, 2000). Scholars for behavioural theories tend to overlook the impact of social factors on individual motivation. On the other hand, structuralist theories have a tendency to ignore the role of human action in dealing with social pressures.

This study will be approached from an economic-sociology perspective. The basic assumption of economic sociology is that economic action is embedded in social structure (Uzzi, 1996). The present study is economic in the sense that certain concepts, variables, and types of explanation are borrowed from economic theories. The study is sociological in its use of sociological theories and explanations. The role of social structure and culture is in focus.

II. THEORETICAL BACKGROUND

At the center of Bourdieu's theory of practice, is the emphasis of three concepts: *field*, *capital* and *habitus*. Bourdieu argues that, capital, habitus, and field all work together to generate practice (Dumais, 2002). A concept of field is defined as a social arena in which people maneuver and struggle in pursuit of desirable resources (Moi, 1991). It is a competitive system

of social relations, which functions according to its own specific rules. For example, politics, religion, education, and business are all fields (Corsum and Costen, 2001), which functions in a different way. These fields are treated on a hierarchical basis and the dynamics of fields arises out of the struggle of social actors trying to occupy the dominant positions within the field (Bourdieu, 1977).

For Bourdieu, *capital* includes all the goods, material, and symbolic, without distinction, that present themselves as rare and worthy of being sought after in a particular social formation (Gorton, 2000). He distinguishes between three forms of capital: *economic capital* (command over economic resources: cash and assets), *social capital* (resources based on group membership, relationships, networks of influence and support), and *cultural capital* (forms of knowledge, skills, education, and advantages that a person has, which give them a higher status in society). Capital must exist within a field in order for the field to have meaning and participants to associate with it (Mahar, et al, 1990).

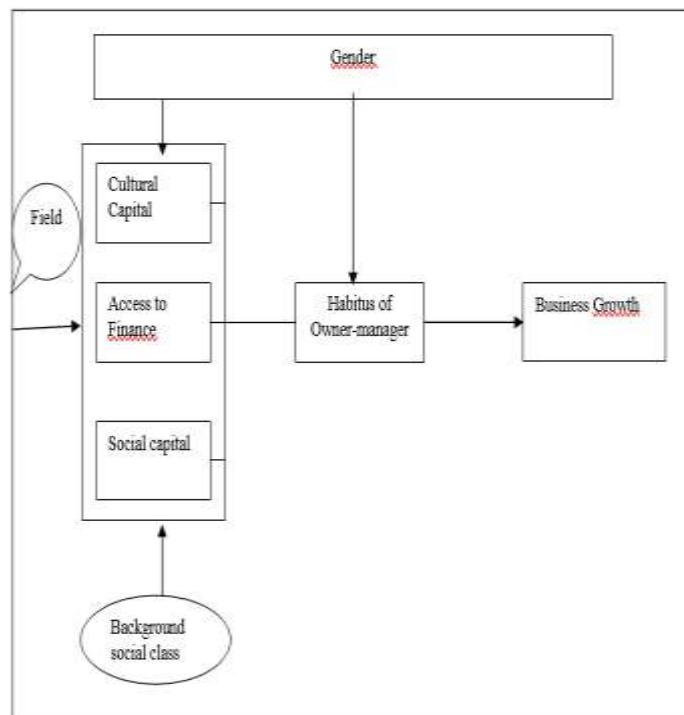
Apart from capital and field, another important concept in Bourdieu's framework is *habitus*. Bourdieu defines habitus as a system of lasting and transposable dispositions which, integrating past experiences, functions at every moment as a matrix of perceptions, appreciations and actions, and makes the achievement of diversified tasks possible (1990). On the basis of the social class position they were born into, people develop ideas about their individual potential; for example, those in the working class tend to believe that they will remain in the working class. These beliefs are then externalized into actions that lead to the reproduction of the class structure (Dumais, 2002). Although early childhood socialization is important; new experiences are constantly incorporated into someone's habitus. The influences of significant persons, reference groups, social status, and ethnic group cultures are key components which have a critical impact on the development and social trajectory of individuals and their conceptions of their possible futures (Jacobs, et al, 1991). Thus, past experiences which include the effects of socialization processes and an individual's actions and observations, accumulate to produce someone's worldview, in particular future aspirations and expectations (McClelland, 1990). Individuals who grow up in a relatively high social class are more likely to develop high aspirations, and are more likely to have thoughts of success, to be able to see the connection between effort and reward, and to believe that they are capable of achieving ambitious goals than those individuals from less privileged class.

Bourdieu's Framework and Gender Differences

The attitude to the gender divide draws heavily on everyday practices in the sexual division of labour in our societies. Ahl (2006) states that the discursive practices help shape the discourse on any phenomenon. A dominant discourse of women as primarily suited for childcare means that society's institutions are likely to do the same and prefer a social arrangement in which the man is responsible for household income and the woman is responsible for taking care of children. A discourse of equality between men and women regarding careers and childcare will result in different arrangements; for instance, government may offer some childcare allowances, so that both parents can work. Such discourses have different consequences for the actions taken by women or men in societies (ibid.). Historically, women have been perceived with negative qualities, while men with positive ones (Wilson, et al. 2007). The differences of nature and the division of labour between women and men are accepted by inscribing them in a system of differences. The differences appear natural, normal and inevitable; therefore, they become schemes of perception, thought and action (Bourdieu, 1990).

In a field of small business, the dominant habitus is that of men. The dominant actor in the field seeks to manipulate the boundaries of the field, rules of play, and definitions of success (Bourdieu Wacquant, 1992). Men have power over capital that defines the chances of success in small business field. To be successful in business, women must play by the rules and boundaries established by men. Ahl (2006) argues that owner-manager and entrepreneurship are male-gendered concepts, i.e., they have masculine connotations. Masculine power is exercised mostly through communication and cognition, misrecognition and feeling. The power is exerted through ways of thinking about a normative male model of owner-managerial achievement, which, by design, does not favour women (Wilson, et al, 2007). For example, the way in which women's owner-managerial efforts are often described as 'lifestyle' businesses (Brush, 1992) and regarded as economically insignificant in comparison with men-owned businesses (Wilson, et al, 2007). The qualities that women bring to business ownership may not realize the same achievement as men's, since the dominant philosophy or taken for granted assumptions, are in the hands of the predominantly male owner-managers (ibid.). As long as the owner-manager and entrepreneurship are recognized as the male constructs, and performance achievement arises from, and is supported by male-dominated norms, women will not be in a position to achieve the same performance (Ahl, 2006). The conceptual model to be tested in this study is presented in figure 1:

Figure 1: Conceptual Framework

*Description of Conceptual Framework*

According to Bourdieu's framework, individual practices are the results of one's habitus and capital within a given field. In this study, it is assumed that small business growth (practices) depends on owner-managers' habitus, and through access to resources within given an institutional setting¹. Both men and women may have the same capital in the form of cultural capital, family or social networks, and finance needed for their business performance. However, the translation of the capital into practice may not be the same among male and female owner-managers. The translation will depend on the individual's habitus, which is formed through gender socialization process and through the discursive practices, and which become embodied and embedded in practices.

In other words, it is through their habitus that they can exploit well the capital they have. However, habitus is a mediating construct, not a determinate one. It is argued that, individuals who grow up in a relatively high social class are more likely to develop high aspirations, and are more likely to have thoughts of success, to be able to see the connection between effort and reward, and to believe that they are capable of achieving ambitious goals than those individuals from less privileged class (McClelland, 1990). Although individual's habitus can change with time (due to socialization process), the major part of it remains influenced by early experiences (Jacobs, et al, 1991).

¹ Institutional setting is a business field which consists of the set of fundamental political, social and legal rules that establishes the basis for production, exchange and distribution (North, 1990)

In relation to gender effects, it is assumed that, gender has an indirect effect on business growth through its influence on access to resources on habitus. As it has described above that men and women have different socialization experiences, which shape their motives, effort, performance beliefs, and strategic choices (Jacobs, et al, 1991). Women's motives for launching and managing new businesses may differ from men's (Manolova, 2007). Instead of an economic entity designed to achieve high profits, women may perceive their businesses as "cooperative networks of relationships" in which business relationships are integrated rather than separated from family, societal, and personal factors (Brush, 1992). This leads to different approaches on how to manage businesses, and eventually different business performance (Cliff, 1998). Therefore, we are considering gender as a moderator variable in our framework, as it affects the direction and/or strength of the effect of independent variables on business growth.

Regarding institutional setting, North (1990) argued that the institutional framework of a society serves as constraints to regulate economic activities by providing the rules of the game. Owner-managers have to fit themselves to the given institutions parameters to be able to play by the rule of game in their societies (ibid.). Therefore, institutional framework affects how owner-managers access the resources available within the area. In this study, institutions setting will be studied through the location of small businesses. It is argued that, the economic and social structures within which small businesses are located shape how cultural capital, social networks, use of human resources and structural barriers affect small business success (Bird and Sapp, 2004). Therefore, we will compare performance of businesses between big cities and small cities. In relation to gender differences, it is argued that women owner-managers are found predominantly in low growth areas, earning lower revenues than their male counterparts (UDEC, 2002; Bird and Sapp, 2004).

III. RESEARCH METHODOLOGY

This study is in two phases. In the first phase, we have conducted few case studies, which will be followed by a survey study. We have started by a case study research because we needed to explore the concept of habitus, which it has never been studied in relation to business growth or performance. It is argued that the case study method is used when the phenomenon under study is not well distinguishable from its context (Yin, 1993). The case study is in essence most critical in giving insights to the problem at hand. It is argued that, in the case study the research problem is effectively explored and variables are deeply studied (ibid.). The case study research can be explanatory, descriptive, or exploratory². In this study, we have used exploratory case study research, which aims at defining the questions and hypotheses of a subsequent study (survey study in our case) or

at determining the feasibility of the desired procedures. Our study is an exploratory case study in the sense that, it tries to understand habitus variables, and how they affect business growth.

The method used for the data collection was the personal interview, with a structured interview guide. The interview guide consisted of the following sets of questions: owner's personal history and previous experiences; business information and financing; networking information; business performance and growth; satisfaction with business performance and owner's future plans; and challenges faced by the owner in operating his/her business. On average, the time for the interview with each participant lasted approximately two hours. During the interview, the researcher took some brief notes, which after the interview; the researcher transcribed the whole story of an owner-manager. If there were some other issues that were not clear, the researcher revisited respondents or made a phone call for more clarifications of the issues.

IV. RESULTS AND DISCUSSION

The main purpose of this study was to explore gender-based differences in relation to business growth, and the factors influencing business growth. In terms of performance and growth, there is a variability of performance across enterprises. It was planned that, growth could be measured by sales, number of employees, and profit. However, during the interviews some respondents were not comfortable of revealing their sales and profits figures. We were able to get only estimated start-up capital and current capital invested. Therefore, we measure business growth in terms of financial capital invested. In general, for each enterprise there is an increase of financial capital invested (see table 1 below).

By using our definition of business growth (a move from either micro enterprise to small business or from small business to medium-size business), we have three enterprises which have been able to move from micro enterprises to medium-size businesses, and three micro enterprises which have graduated to small businesses.

Table 1: Financial Capital invested

Owner-manager	Sex	Start-up capital (1000 VND)	Business size at the start-up	Year Started	Current financial capital (1000 VND)	Current business size
AB	M	500,000	Micro	1994	250,000,000	Medium
SA	M	70,000	Micro	1991	250,000,000	Medium
SH	M	100,000	Micro	1997	400,000,000	Medium
MTA	F	1,300,000	Micro	2001	7,000,000	Small
JUD	F	5,000,000	Micro	2004	50,000,000	Small
KIA	F	50,000	Micro	1987	10,000,000	Small
JUM	M	80,000	Micro	1991	2,000,000	Micro
AMO	M	100,000	Micro	2003	200,000	Micro
MWA	F	60,000	Micro	2003	100,000	Micro
KIO	F	35,000	Micro	1995	255,000	Micro

Source: Compiled from the field data 2020

² For more descriptions of these terms see Yin, 1993

The remaining four enterprises have not experienced significant growth. Regarding gender differences in relation to business growth, we can see that there is a significant difference between male- and female-owned businesses. As shown in table 1 above; the three owner-managers who managed to attain medium-size businesses are the male owner-managers. The three successful female owner-managers have been able to attain a level of small business size. This finding is also consistent with some previous research, which found that female business owners have smaller businesses compared to men (OECD, 1998; Fischer, et al. 1993; Rosa et al. 1996; Kalleberg and Leicht, 1991; Watson, 2002).

However, the interview data revealed some interesting findings. Although these women have not performed well compared to male-owned businesses, female owner-managers had a different perception of business success. They measured business performance in terms of meeting personal goals they had set when they started their businesses. Therefore, most of them said that, their businesses are performing well, as they have been able to achieve the intended goal. One of the goals mentioned by these owner-managers was to provide basic needs (food, goods, school fees) for their families.

For example, KIO said that her business is performing very well. By using profit from the business, she has been able to build her own house, which has two rooms. She also said that, formerly she did not have water in her house, but she has been able to get water tap in the house. Apart from that, she has also been able to pay school fees for her daughter, who is still in a secondary school. She has bought modern utensils for her home. Therefore, business performance is not viewed in terms of financial terms like increase of sales and profits. This finding confirm what Brush (1992) said that, researchers should include other measures like social contributions, employee satisfaction and goals achievement in assessing performance of women owned businesses, as they may have different perceptions on business performance.

Therefore, in all of these circumstances, women are not in the same position as men to achieve the same performance. As it has been argued, “the gendered nature of habitus is a consequence of the different possibilities and challenges women and men encounter in their lives (Mickelson, 2003). Similarly, patriarchal pressures in societies cause female subordination (Wilson, et al, 2007), which make women not to have some level of self-efficacy as the men have.

V. CONCLUSION

In this brief report, we have reported qualitative findings from a pilot study conducted in Tanzania among ten owner managers. The purpose of the study was to explore the role of habitus (studied through owner’s aspirations and future orientations) in business growth and to determine gender-based differences in relations to perceived business performance. The data indicate that, owner-managers from middle-class families reveal high growth motivations and

have been able to perform well in their businesses compared to those owner-managers from lower-class families. This finding is consistent with what other researchers (McClelland, 1990; Jacobs et al, 1991) have found. However, as it has been argued that, new experiences are constantly incorporated into someone’s habitus (Webb, 2002), shaping individual’s future orientations. The data also indicate that, access to education and previous work experience have contributed to shape owner’s growth motivations and eventually influenced business growth.

In terms of gender differences, we found significant differences between male- and female-owned businesses regarding business growth. Men have achieved higher business growth than women, measured in terms of financial capital invested. However, female owner-managers had a different perception of business growth. They measured business performance in terms of meeting personal goals they had set when they started their businesses.

Since the sample size for this study was very small, we cannot make any general conclusion basing on this data. The purpose of the case study was to explore the concept of habitus, which it has never been studied in relation to business performance. We aimed that; through interviews, we could be able to capture insights, which could help us develop a measure for habitus. Based on the interviews, we have learned that, owner-managers’ actions are been influenced by their habitus. Habitus is a product of different things (social background, influence of significant people, socialization process), but it is been revealed through individual’s actions. Therefore, there is a positive habitus and a negative habitus, which influences one’s actions and performance. We assume that individuals with the positive habitus will be able to perform well in their careers, while individuals with the negative habitus will not perform well. Thus, for our future study, we are developing a scale, which will capture owners’ habitus, either a positive one or a negative one.

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