WOMEN ENTREPRENEURS: DOES PERSEVERANCE MATTER? (SUMMARY)

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SUMMARY

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Principal Topic

Women entrepreneurs account for among the fastest growing businesses, according to official statistics. Yet current studies indicate that these women entrepreneurs face greater difficulties in financing than do men entrepreneurs, particularly in terms of access to finances. At the same time, research indicates that enterprises primarily owned by women do not perform as well as those primarily owned by men, in terms of failure rates and financial ratios. Due to panel data constraints, however, no studies have comparatively examined such entrepreneurs’ serial experiences. Whether perseverance translates to financing success and comparative business performance is the focus of this study. This approach also addresses whether similar factors affect the success of both women entrepreneurs and men entrepreneurs over time.

Method

The empirical study uniquely uses cross-sectional representative samples of U.S. small enterprises from a combination of U.S. government surveys, one periodic survey of the financing experiences of enterprises, with surveyed samples of the small private-sector businesses taken from the Dun & Bradstreet Market Identifier file, and another offering unique information on the characteristics and business performance of family-owned businesses.

Robust univariate tests indicate differences between women and men entrepreneurs with respect to perseverance, financing, and performance. Multivariate regression analysis is applied to measure the effect of gender and other factors on the financing and performance outcomes.

Results and Implications

Preliminary empirical results indicate that primarily women-owned enterprises face different financing outcomes than do primarily men-owned enterprises. However, women entrepreneurs are not the discouraged borrowers or underperformers over time that entrepreneurial outcome studies suggest. Perseverance does matter in repeated financing searches, and successful women borrowers appear to be more creditworthy than successful men borrowers. Results also indicate that such women entrepreneurs experience comparative business performance. Other ownership characteristics, enterprise characteristics, and nature of business activity are significant in influencing the individual enterprise’s balance sheet and profits.

This study indicates that researchers need to examine the repeated, continued experiences of women entrepreneurs to reconcile the difficulties and growth of women-owned enterprises and their contribution to the economy. The results also indicate that policymakers need to consider heterogeneity among women entrepreneurs to resolve the debate about gender discrimination and the business and financing outcomes faced by women entrepreneurs.

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