GENDER AND COMMITMENT TO THE FAMILY ENTREPRENEURIAL VENTURE (SUMMARY)

Grace Kim
Duke University, grace.kim@duke.edu

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SUMMARY

GENDER AND COMMITMENT TO THE FAMILY ENTREPRENEURIAL VENTURE

Grace Kim, Duke University, USA

Principal Topic

Women are the fastest growing group of entrepreneurs and share equal ownership in increasing numbers of enterprises. Numerous studies have examined separately how ownership involvement affects performance and how financing affects performance. However, few have studied gender differences over time in the overall relationship between ownership involvement in the family entrepreneurial venture, financing, and venture performance. I address this gap by studying differences in perception and commitment to the family entrepreneurial venture according to several measures, including the owner’s function in the business. The credit constraints of women entrepreneurs and venture underperformance also have been debated in recent literature. I extend this debate by including the intermingling of personal and business finances as a measure of ownership commitment to the venture. This helps address how women entrepreneurs’ different financing outcomes are influenced by financing choices. Across groups of created and acquired family ventures, this study contributes by examining gender differences in the relationship between aspects of ownership commitment and financing and their impact on various performance measures, including continuity of the family venture and declaration of bankruptcy.

Method

I study this topic with recent data from the U.S Federal Reserve’s Surveys of Consumer Finances. The data provide unusually comprehensive information about the nature and perceptions of ownership commitment to the family entrepreneurial venture, including financial investment. Econometric tests are conducted to determine differences across gender and venture groups regarding balance sheet and other measures of performance. Multivariate regression analysis is applied to determine the impact of gender, ownership commitment, financing, and other factors on entrepreneurial performance.

Results and Implications

This study illuminates how different aspects of ownership involvement, including owner financing, affect a venture’s performance. I propose that involved women entrepreneurs do not underperform relative to involved men entrepreneurs. Competitive advantages, external financing, business characteristics, and owner characteristics rather than gender are proposed major influences on venture performance. The results enhance research understanding of the tension between ownership commitment and professionalization of the venture. The differing results across groups of created, acquired, and franchised family ventures will have implications for the women entrepreneurs’ choice of how to establish ownership and influence policymakers in affecting ownership transfer and composition of ventures.

CONTACT: Grace Kim; grace.kim@duke.edu; (T): (919) 660-8170; (F): (919) 684-8974; Dept. of Economics, Box 90097, Soc. Sci. Bldg., Duke University, Durham, NC 27708.