Linking female entrepreneurs’ motivation to business survival

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ABSTRACT

Analysis of entrepreneurs’ motives in the framework of organizational behavior theory is a popular research area regarding female entrepreneurship. This study analyzes women entrepreneurs’ motives (propensity for risk, finding a work–life balance, desire to develop business skills, need to seek self-employment, and desire to earn more than in paid employment) to achieve survival of their businesses through crisp set qualitative comparative analysis (csQCA). Analysis yields the following results: 1) women whose motive is to pursue a better work–life balance are less likely to succeed; and 2) women whose motive is risk-taking are more likely to succeed.

1. Introduction

Since the eighties, scholars are studying differences between female and male entrepreneurs (Carter & Rosa, 1998; Hisrich & Brush, 1987; Huarng, Mas-Tur, & Yu, 2012; Stevenson, 1990). These studies reveal differences in business characteristics, motives of entrepreneurial endeavor, evaluations of main barriers to starting and maintaining entrepreneurial activities, personality traits, management style, and business sector.

These differences justify the separation of female entrepreneurship study from that of standard entrepreneurship theory, whose research compares businesswomen and businessmen. Scholars often criticize using men’s value systems, mindsets, and behavioral patterns when studying businesswomen (Andersén, 2011; Boden & Nucci, 2000).

Scholars of female business activity have special interest in the motives that drive individuals to create businesses or embark on some form of entrepreneurial venture. Nevertheless, most studies are merely exploratory, and fail to uncover motives driving women entrepreneurs. In fact, findings are contradictory (Gill & Ganesh, 2007).

As men, women conduct entrepreneurial activity for many reasons (Akehurst, Simarro, & Mas-Tur, 2012). This study examines the role of five key motives that drive women to create businesses: propensity for risk, finding a work–life balance, desire to develop business skills, need to seek self-employment, and desire to earn more than in paid employment.

The study observes which motives have a relationship with business success. For this purpose, the study deploys crisp set QCA (Ragin, 1987). This methodology resolves a major limitation of probabilistic techniques—minimum sample size—without restricting the study sample. Even studies analyzing small data samples can yield conclusions and implications extensible to a wide population.

This study has the following structure: Section 2 presents literature review on women entrepreneurs’ motives, particularly on those that sustain the subsequent empirical study. Section 3 details the method for empirical study and highlights its suitability for a study of this kind. Section 4 presents results. Section 5 contains conclusions and implications of the study.

2. Theoretical framework: business expansion and female entrepreneurs’ motives

In recent years, several studies (Arendt & Brettel, 2010) are showing that business expansion predominantly depends on business owners’ motives, attitudes, and intentions towards the future. These findings imply a link between the small size of women-led businesses and women’s attitudes regarding business growth (Du Rietz & Henrekson, 2000) with scholars concluding that these attitudes differ from those of men. These studies highlight entrepreneurs’ desire for their businesses to grow, although motives driving men and women differ.

The remainder of this section presents a summary of motives that drive women to launch businesses, and these motives’ relationship with business success.

2.1. Business expansion and propensity for risk

Although gender differences in propensity for business risk do not always exist (Ullah, Abbas, & Akbar, 2010), this propensity is generally lower among women (Schwartz, 1976; Smolarski & Kut, 2011) than
among men. Thus, women’s risk aversion, lack of faith in own abilities, and desire of a suitable work–life balance obviously limit women’s decisions to expand their businesses. Businesswomen value more than men the risk of expanding a business quickly, which makes them adopt a longer-term growth model. The reason for women to do so is to reduce business size such that managing and controlling business are compatible with their knowledge and skills, ability to obtain resources, and desire to balance professional and personal life (Aspara, Lamberg, Laukia, & Tikkkanen, 2011).

Factors above highlight the impact of discrimination against women in working environment and personal sphere. Despite progresses towards equality, women feel that they have to take care of family and housework. Women report that owning a business allows them to assume risks and assess their working style, or to break through the so-called glass ceiling (Akehurst et al., 2012; Scott, 1986). Women who leave employs in other businesses to own one display an ambition for self-realization goals (Walker, Webster, & Bianchi, 2011).

Women’s decisions to own businesses involve a complex process consisting of influences from personality and aspirations. Therefore, women who start businesses are demonstrating themselves whether they can overcome this challenge. Thus, many authors state that women feel that owning a business grants them more freedom to take risks and define their work style (Bennett & Dann, 2000).

**Proposition 1.** For women entrepreneurs, risk propensity has a relationship with business survival.

*2.2. Business expansion and achieving a work–life balance*

Studies indicate a direct relationship between marital status, entrepreneurial motivation, and business activity (DeMartino & Barbato, 2003; Hinz, 2004). However, Carter and Rosa (1998) state that businesses are more successful when owners avoid involving family in business.

Motivations for having children—and the number thereof—have a relationship with business activity (DeMartino & Barbato, 2003). However, Carter and Rosa (1998) claim that having young children does not affect entrepreneurial activity. Conversely, Kevane and Wydick (2001) find that having children—and other family obligations like caring for elderly and young family members—negatively affects creating and growing businesses due to the time caring for children requires.

**Proposition 2.** For women entrepreneurs, the motivation to fit family into working life has a relationship with business survival likelihood.

*2.3. Business expansion and desire to develop entrepreneurial skills*

Entrepreneurship literature examining women entrepreneurs’ level of education and training yields contradictory results. In most studies (Hisrich & Brush, 1987) authors conclude that female business owners have better standard training than average members of population including male business owners (Cowling & Taylor, 2001).

Verheul and Thurik (2001) consider those business owners’ levels of education and training equal for both sexes, and the differences lay in training type and quality. Lee and Rogoll (1997) state that female business owners hold a higher education level, and that they express satisfaction with their education, despite acknowledging that education type and quality have some significant disadvantages. Even still, this question draws a range of opinions. Certain researchers (Krasniqi, 2010) claim that productivity of male business owners’ training is greater than that of women. The reasoning is that women often opt for liberal arts or humanities, whereas male tend to technical or business subjects.

Other authors (Boden & Nucci, 2000) cannot find statistically significant differences regarding specialist training in marketing, accounting, finance, business strategy, or human resources. Carter and Rosa (1998) and Boden and Nucci (2000) claim that education and training do not affect business performance of men- and women-led businesses. Nevertheless, wide training may help young female entrepreneurs understand certain key historical or economic situations, helping them make important decisions during crisis periods. Shane and Venkataraman (2000) indicate that women with specialist business training have greater, better vision toward achieving profits.

**Proposition 3.** For women entrepreneurs, a motivation to develop entrepreneurial skills has a relationship with business survival.

*2.4. Business expansion and need for self-employment*

Literature presents two common motives driving women to create businesses. These motives are self-employment and engaging in entrepreneurial activity as an alternative to unemployment (Humphreys & McClung, 1981; Visscher & Visscher-Voerman, 2010). These factors may derive from a higher level of women unemployment than that of men. Higher unemployment rate is mainly due to women’s discrimination and segregation in labor market, which may limit women’s professional development in large organizations.

Necessity is one reason for starting businesses (Chan & Foster, 2001). Chu and Siu (1993) assert that working in self-employment from home increases work opportunities for women. Working from home in self-employment is due to a lack of job security and/or low income when working in paid employment.

For women, creating a business may be a form of avoiding unemployment and, in some countries, a way of overcoming poverty (Dhaliwall, 1998). Mroczkowski (1997) cites work–life balance as the greatest hurdle to starting a business. Conversely, scholars agree that this factor is an encouraging element for women to start businesses.

Because of this need for alternatives to unemployment, many female business owners opt to create businesses that they can integrate into their lives rather than viewing their business as entrepreneurial careers. Women’s families are part of the business since they affect business decisions (Akehurst et al., 2012).

**Proposition 4.** For women entrepreneurs, the motivation of unemployment opportunities has a relationship with business survival.

*2.5. Business expansion and desire for greater income*

Women’s income being lower than men’s is also a driver of women entrepreneurship (Welsh, 2014). Chu and Siu (1993) highlight that self-employment from home provides women with work opportunities, since they do not suffer a lack of job security and low income of paid employment. Women entrepreneurship growth is especially high in wealthy nations with strong income streams for businesses, especially in sectors where medium- and long-term income is high, such as technological sectors (Delmar & Davidsson, 2000).

Thus, economic context affects the launch and development of businesses (Arendt & Brettel, 2010). Data reveal a difference between men and women with medium-level income. Men’s motivation involves necessity, while women’s involves opportunity. This difference derives from men with medium-level incomes acting as breadwinners for family. Women, who experience less social pressure in this sense, can seek opportunities to boost family income (Huang et al., 2012).

**Proposition 5.** For women entrepreneurs, the motive of increasing income has a relationship with business survival.

*3. Method*

Data contains a sample of 35 women-led service firms in the Region of Valencia. Data collection takes place in 2011 through a survey of...