
Significant Personal and Business Factors Affecting Business Performance among Women-Owned Small Businesses

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Women-owned businesses in the U.S. are growing. Recently, women-owned businesses represented 43.4% of all businesses, employed 12.3 million workers, generated \$2.7 trillion in revenue, and launched more businesses than were closed during the onset of the pandemic in 2020, adding 1.4 million jobs and \$579.6 billion in revenue to the economy (Anthony, 2024; U.S. Small Business Administration Office of Advocacy, 2024). Existing literature indicates a difference in business performance among women and men business owners who operate small businesses (Hazudin et al. 2015; Lee et al., 2010; Powell & Eddleston, 2013). Some studies have documented that women-owned businesses had lower levels of sales and profits than men-owned businesses (Fairlie & Robb, 2009; Robb & Watson, 2010; Rosa et al., 1996). Literature has also indicated that women business owners felt less confident about the economy and were less likely to anticipate increased revenue or plan to expand their businesses than men business owners (Bank of America, 2022). Further, literature noted that women business owners had lower confidence in starting a business because women viewed themselves as less trained to start or run a business than men. Women business owners needed to work harder to achieve the same level of success as men business owners (Hazudin et al. 2015; Lesonsky, 2023). Considering the growth of women-owned businesses in the U.S. and their low confidence in business operation and success, identifying the “*success factors*” that can enhance business performance of women-owned businesses is timely and critical.

Using data from the 2019 Small Business Value Survey (Marshall & Wiatt, 2019), which is funded by the Purdue Institute for Family Business (PIFB), this study focused on what personal and business factors are associated with business performance among women-owned small businesses. To measure the performance of women-owned small businesses, perceived business profitability was used as the subjective measure of business performance, whereas gross business income (natural log) was used as the objective measure of business performance. This study limited the sample size to owners of businesses with fewer than 100 employees, resulting in a sample size of $N = 498$ participants, and compared differences in business performance between women ($n = 266$) and men ($n = 232$) *small* business owners. To explore how women-owned businesses are performing compared to their men counterparts, chi-square and t-tests were conducted. Further, analyzing only the women small business owners ($n = 266$), several significant personal and business factors associated with higher business performance of women-owned businesses were identified through both logistic and OLS regression analyses in the current study.

Exploring the sample characteristics of women-owned small businesses, average age was about 44 years, average education level was 5.4 (where 5=some college and 6=college graduate), and the average number of hours worked was 42 hours per week. Also, 22.2% of women business owners were minority business owners. Typical women business owners had operated their

businesses for an average of 13 years, 65.0% of them were structured as sole proprietors, 48.1% of them were in the service industry, and 60.5% businesses were home-based. A chi-square test of significance revealed that lower percentage of women business owners (43.6%) than men business owners (55.6%) perceived their business as being profitable. Similarly, when comparing the differences in gross business income between women- and men-owned small businesses, a t-test showed that the business income of women-owned businesses (\$60,108) was less than half of the business income of men-owned businesses (\$140,927). As expected, the results of regression analyses indicated that all else being equal, women business owners were less likely to perceive their businesses as being profitable and reported lower levels of business income than men business owners.

Looking at significant personal factors, the multivariate results showed that as women business owners had higher levels of family-business functioning, they were more likely to perceive their business as being profitable and reported higher levels of gross business income. This finding implies that when family-business functions go well together, this functioning helps women business owners perceive their business as being profitable and achieve higher levels of business income (Wiatt & Marshall, 2017). This *success factor* should be considered by business consultants as they work with women business owners who are struggling with their business income or those who are wanting to increase their revenues.

Women business owners who worked longer hours weekly for their businesses achieved higher levels of business income. The finding implies that to achieve higher business revenue, women business owners might need to work longer hours per week, and this *success factor* should be discussed by business consultants who are working with women business owners with low levels of confidence but with motivation to grow their businesses. Furthermore, while older women business owners were less likely to perceive their businesses as being profitable, age of the women business owners did not influence actual levels of business income. These findings imply that the aging process of older women business owners could cause them to have negative emotions or lower confidence in their business success, but it did not significantly affect their actual levels of business income. Lastly, there were significant differences in the levels of business income between minority and non-minority women business owners, indicating that when compared to White women business owners, minority women business owners made lower levels of business income. This finding implies that women business owners who are a minority might need to get more help in achieving successful or profitable business revenue.

Moving to significant business factors, women business owners with older businesses were more likely to perceive their business as being profitable and reported significantly higher levels of gross business income. This finding suggests that age of business is an important *success factor* that helps women business owners achieve higher levels of business profit and income. On the other hand, women who were owners of home-based businesses reported lower levels of business income than those of non-home-based businesses, implying that women business owners could be facing unique challenge due to their caregiving roles in their family and their roles as business owners (Jennings & Brush, 2013). Thus, as women business owners operate their businesses as home-based, these owners might have difficulty in achieving high levels of business income. Interestingly, existing literature also indicates that women owners of

home-based businesses have been viewed as hobbies or presumed as part-time businesses (Breen, 2010). Thus, women owners of home-based businesses could not achieve higher levels of business income as compared to women owners of non-home-based businesses. Understanding these *success factors* can provide important insights for policymakers, business advisors, educators, or consultants.

In *conclusion*, while employing both subjective and objective measures of business performance, this study identified important *success factors* associated with business performance among women-owned businesses. These factors included family-business functioning, the owner's personal factors (e.g., working hours, age, race/ethnicity), and business factors (e.g., age of business and operating business outside of the home). These "*success factors*" should be emphasized to enhance business performance of women-owned businesses. Specifically, if having high family-business functioning in the family and business systems and owning older businesses were significantly associated with owners' perceptions of business profitability as well as actual obtained business income, these *success factors* should be further examined to discover why these factors significantly increased both business profitability and business income of women-owned businesses. Women business owners could benefit by having more business education, self-confidence training, or digital skills since business education and skill development courses can help women business owners be successful (Bilal et al., 2023). Additionally, in future research, qualitative methods of inquiry may be particularly useful in providing important insights into why these *success factors* are associated with business performance of women business owners.

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PIFB provides multi-generational family businesses with research-based business management resources aimed at improving personal leadership performance and driving operational growth. Our ambition is to prepare family business owners, managers, and stakeholders (including non-owner spouses and future owners) to be effective stewards of their family enterprises.

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