Entrepreneurial Orientation of Male and Female Entrepreneurs in Small Firms

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Abstract - Many research studies indicate differences in the activities of small enterprises run by female and male entrepreneurs. These differences also apply to shaping entrepreneurial orientation. The main aim of the paper is to identify the entrepreneurial orientation in dimensions of autonomy, innovation, risk-taking, different level of proactivity, and competitive aggressiveness in relation to the gender of the entrepreneurs. This paper presents the results of a survey conducted among 220 small enterprises in Poland. The research showed a similar level of entrepreneurial orientation in the observed dimensions and the positive correlation between entrepreneurial orientation and the economic performance of enterprises in both studied groups.

Keywords – entrepreneurial orientation, gender, small firms, proactivity, innovation, risk-taking, competitive aggressiveness, autonomy

1. Introduction

Organizational entrepreneurship is commonly defined as an important element of economic development and generating welfare [1].

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Researchers of the subject have repeatedly pointed to the strong, positive relationship between corporate entrepreneurship and the experience of the organization and its growth [2], as well as a positive relationship between this type of entrepreneurship and various measures of company performance [3]. Hence, managers began to notice the need for a greater orientation of the entire organization on entrepreneurship [4], and the entrepreneurial orientation (EO), i.e., the company's strategic attitude towards entrepreneurship, became the dominant construct of research interest in entrepreneurship [5]. Given the commonly demonstrated benefits of entrepreneurship, it is rather obvious that research is increasingly focused on identifying the level and predictors of EO [6]. The EO can be strengthened or weakened; hence it is important to understand organizational entrepreneurship itself and to assess its level in various types of enterprises. It requires further research what makes a particular company in a specific industry to be more entrepreneurial and what are the criteria for dividing companies into those that are entrepreneurial and those that are managed conservatively.

EO was created as a multidimensional construct located in the firm strategy. With an entrepreneurial mindset, EO guides the company towards decisions and actions that ensure a competitive advantage and business success but clearly indicate that the result depends on contextual circumstances [7]. The feature of an entrepreneurial entity is the pursuit of constant renewal, innovation, and rational risk-taking in its activities. The concept of EO is a construct at the organizational level associated with the processes, structures, practices, and decision-making activities that lead to the creation and delivery of new and innovative services and distinguish the organization from others on the market [8]. The EO as an organizational construct represents an entrepreneurial mind-set and perspective, which are constantly reflected in ongoing organizational processes and culture [9]. Entrepreneurial organizations enter new or existing markets, introducing innovations based on both new and improved products and services [10],

[11, pp. 15-39]. The positive and significant effects of the EO on innovation performance of SMEs was also confirmed by the study of [12].

In the literature, the EO is considered as a multidimensional construct, with one of the most popular approaches being that in which EO consists of 5 main components: proactivity, innovation, risk-taking, competitive aggressiveness, and autonomy [13].

The proactivity includes concepts related to the advantage of the first player on the market and the disclosure of undiscovered customer needs [14]. When looking for market opportunities, proactive economic entities can anticipate future customers' requirements and market changes [15]. Innovation in business refers to the implementation of something that is novel, but with potential impact on economic results. Innovative companies are those that support creativity and experimentation, create new products or services, or improve existing ones, implement new technologies, and constantly strive to improve internal processes and procedures [16], [17]. Risktaking assumes that an organization can pursue strategies, even when there is a significant chance of costly failure and represents a willingness to deviate from the beaten track and take initiatives with uncertain outcomes [18]. Competitive aggressiveness, on the other hand, is defined as the company's efforts to work directly and vigorously to outperform its competitors. This is reflected in the actions and/or reactions to the actions of competitors and the use of one's own strength in relation to market rivals [19]. By contrast, autonomy refers to the ability to make independent decisions and to continue to act independently by members of the organization at different levels of the structure, not just top managers, to undertake a new venture, business concept or vision [20]. Autonomy can give members of the organization freedom and flexibility creating and implementing entrepreneurial initiatives, and ensures not only problem solving, but also real definition of the problem and business goals

There are more and more studies, and even more speculation, on differences between male and female entrepreneurs and their businesses [22], [23], [24], [25]. Some of these studies confirmed that these differences do not confirm that women will be less effective in business than men, but only that they may adopt different approaches when running a business [26].

In accordance with the above mentioned and based on the literature review, two hypotheses can be formulated:

H1: There are visible differences between the level of EO dimensions in small firms depending on the gender of the entrepreneur.

H2: There is a positive correlation between the level of EO and the economic situation of small businesses run by female and male entrepreneurs.

The paper is structured as follows. Section 2 describes the methodological approach. Section 3 presents the empirical results. The comparison of our findings with the findings of other authors are presented in section 4. The section of conclusion presents the results, limitation of the research and the focus of the future research.

2. Methods and Data

The main aim of this paper is to identify the entrepreneurial orientation in five dimensions in relation to the gender of the entrepreneurs.

The research was conducted in the form of a survey with the use of a questionnaire in 2018-2019 in Poland. The research sample consisted of small companies (employing from 9 to 49 employees). A total of 220 complete questionnaires were obtained and further analysed. The results were verified in terms of formal correctness and then analysed. Descriptive statistics as a generally accepted method of economic research were used for the assessment, and the Kendall's Tau coefficient was used to study the correlation for non-parametric variables.

Based on the literature review, the survey questions focused on five dimensions related to EO were built. A managerial approach has been adopted and opinions are presented on a 7-point Likert scale. The individual dimensions are presented as metavariable - the sum of the answer values from 5 questions.

The next step in the analysis was the diagnosis of the correlation whether the previously studied levels of EO dimensions differ in enterprises run by female and male entrepreneurs.

3. Results

As a result of the research, the differences between the level of individual dimensions of EO in small enterprises were diagnosed and analysed, and then an attempt was made to diagnose whether the levels of individual dimensions will differ depending on whether the firm is run by a female (F) or male (M) entrepreneur. Therefore, the results of descriptive statistics for individual dimensions of entrepreneurial orientation regarding the gender of a small business owner: proactivity (P_F; P_M), autonomy (A_F; A_M), competition aggressiveness (C_F; C_M), innovation (I_F; I_M) and risk taking were presented. (R_F; R_M)

When analysing the level of *proactivity*, it should be noted that it shows the highest values among all five dimensions of entrepreneurial orientation (Figure 1.). Proactivity was created by such elements as monitoring market trends, being a pioneer in the market and in creating new products and services, taking up and appreciating initiatives for the firm development. The surveyed entrepreneurs show relatively high proactivity, while the average answer for female entrepreneurs was higher (25.5) than for male entrepreneurs (24.9) on a scale of 5-35 for this meta-variable. Similar results were showed in the study of [27], who stated that the relationship between masculinity and proactiveness was not significant in their research.

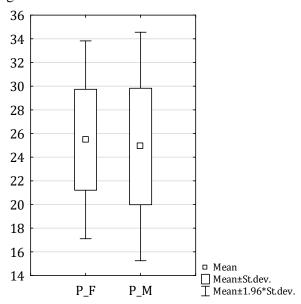


Figure 1. Proactiveness level of small firm for female (P_F) and male (P_M) entrepreneurs

Source: own research

Autonomy is also a relatively high-rated element of corporate entrepreneurship (Figure 2.).

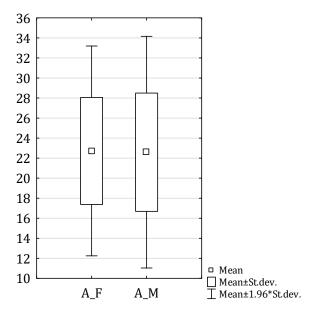


Figure 2. Autonomy level of small firm for female (A_F) and male (A_M) entrepreneurs

Source: own research

Organizational autonomy included in the study such activities and behaviours as independence in making decisions and activities for the company, creating autonomous teams, limiting ownership supervision with a simultaneous increase in employee responsibility. At the same time, in this dimension, no significant differences in the level of autonomy for enterprises run by female and male entrepreneurs were noticed. [24] came to similar finding. They present in their study that although the differences according to gender in mean ranks of male and female respondents on autonomy exist, those differences are not significant. Thus, they concluded that the autonomy of the SMEs does not differ regarding their gender.

Competitive aggressiveness of small enterprises is the dimension that was assessed the lowest by the respondents (Figure 3.). Similarly, the study of [28] showed that only 10,6% of the SMEs in their survey had indicated that their company has a reputation as an aggressive company. As part of the analysis of this dimension, the activities aimed at improving the company's competitive position, reacting to the actions of the competition, and encouraging employees to search for opportunities to beat the competition were assessed. There is also a higher rating of competitive aggressiveness for companies run by male entrepreneurs (mean 19.7) than by female entrepreneurs (18.7) in scale up to 35.

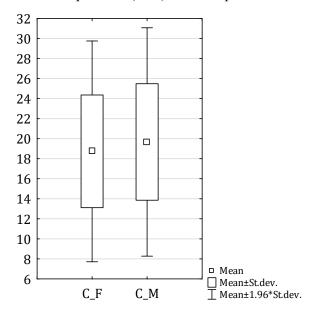


Figure 3. Competitive aggressiveness level of small firm for female (C_F) and male (C_M) entrepreneurs

Source: own research

Innovation is currently one of the priorities for the development of a modern enterprise. Innovation is important at every organizational level of the company, not only at the level of top management. Within this dimension, the company's approach to designing its own unique, new production processes

and methods, investing in new technologies, continuous improvement, creativity and looking for and trying out novel solutions was examined. Author in [29] confirmed, that there is statistically significant dependence between the size of the enterprise and the way of financing of innovation. Innovativeness in our research was indicated as the second highest rated dimension of entrepreneurial orientation (Figure 4.). Additionally, there is a slight advantage in the level of innovation in the case of companies run by female entrepreneurs. Although several studies confirmed that men perform better in innovations [25], our results are approaching to the study of [24] and [23], in which the differences between male and female entrepreneurs within connection of innovation and EO are not significant.

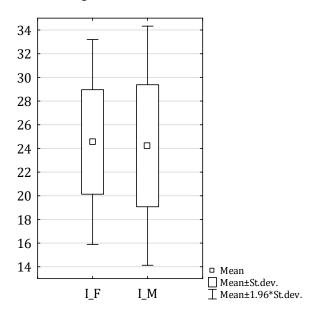


Figure 4. Innovativeness level of small firm for female (I_F) and male (I_M) entrepreneurs

Source: own research

In the opinion of the respondents, risk taking is one of the lower-rated dimensions of corporate entrepreneurship (Figure 5.). It seems that this is of particular importance in the case of micro and small enterprises where risk-taking is the domain of the entrepreneur, not employees. Meanwhile, the study diagnosed such organizational elements as taking actions in conditions of ambiguity and uncertainty, adopting bold attitudes to maximize the probability of using opportunities, or a rational assessment of threats and failures. The assessment of the respondents, regardless of their gender, was 22.0 on a scale of up to 35. In general, male entrepreneurs are considered as more risk taking [25]. Our results, similarly, as authors in [30], showed that there are no difference in case of risk-taking from the point of view of gender.

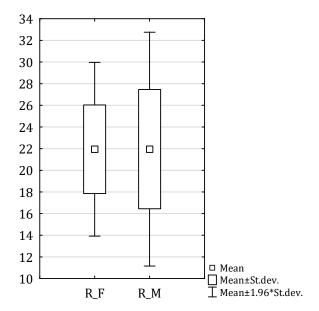


Figure 5. Risk taking of small firm for female (I_F) and male (I_M) entrepreneurs

Source: own research

As [31] stated, gender diversity in the management of the enterprise, can influence many aspects of enterprise's life. Summarizing our results, within the level of entrepreneurial orientation of small companies run by female and male entrepreneurs, it should be stated that relatively visible differences in the levels of dimensions of entrepreneurial orientation were noticed only for proactivity and competitive aggressiveness. The remaining dimensions are represented in small companies at a similar level in both surveyed groups of companies.

Additionally, as a summary, the correlation between the level of meta-variable entrepreneurial orientation, which is the sum of the levels of individual dimensions, and the results of enterprises (subjective assessment of entrepreneurs) was examined. There was a statistically significant (p<0.05) correlation with the value of Kendall's taub=0,24 for female entrepreneurs and 0,27 for male entrepreneurs.

4. Discussion

The link between EO and business performance has received much attention and it is believed that companies that adopt a more entrepreneurial strategic orientation perform better in their operations. Thus, although it is usually believed that orientation towards entrepreneurship has a positive impact on the company's results, this relationship is much more complicated and requires a broader analysis of indirect factors between both [32].

When reviewing the literature, the empirical evidence can be seen, that suggests a positive relationship between EO and business performance [20], [33]. The important question is how to capture the complexity in the relationships of enterprise performance and EO.

The contribution of the EO to performance is much more apparent in small businesses. Much fewer people are involved in managing a small company; hence the decision-making process is more effective. The appropriateness of people in managerial positions is a precondition for the effective functioning of organizations [34]. The building of flexibility and adaptability are incomparably greater in SMEs than in large enterprises, creating the ability to react quickly to market activities and effectively adapting to the changing environment [20].

Some studies suggest the necessity of a high level of all dimensions of EO simultaneously in order to be considered an entrepreneurial organization, and consequently will translate into the achieved results. In fact, however, enterprises do not always exhibit innovative, proactive, competitively aggressive, autonomous, or risky behaviour at the same time [35]. The individual dimensions may vary in intensity, but EO positively determines the results of enterprises. Creating a favourable business environment and the promotion of new and innovative business is the essential base for entrepreneurs, in which they could realize their ideas and succeed in the competitive struggle [17]. Innovation and innovation management rank among the tools that allow the companies to optimally respond to constant changes in the external and to internal and environment external opportunities, namely by using new ideas and practices [36], [37]. Despite indications for more detailed research on the interface between gender and entrepreneurship [38], relatively few comparative studies have been collected so far. The limited academic record on the subject is unfortunate due to widespread political interest in supporting female entrepreneurship and innovation [39]. This is a premise for more frequent in-depth comparative studies of individual aspects of the functioning of enterprises, e.g., the EO, run by female and male entrepreneurs.

5. Conclusion

Nowadays EO is one of the most important factors for the success of an organization, which should be considered at the strategic level of the organization's operation. It is impossible to build an entrepreneurial organization without a high level of EO, but the multidimensionality of this construct means that individual dimensions do not have to be represented with equal strength in the organization. The differences may be visible for individual organizations, but also for their groups distinguished based on various criteria. Constant research on EO in individual groups of enterprises allows for the preparation of constructive recommendations for the intensification of the entrepreneurial approach within the organization.

Empirical research allowed to establish the differences in the level of EO in small companies owned and run by female and male entrepreneurs. These differences turned out to be insignificant and were visible mainly in proactivity and competitive aggressiveness. Therefore, it can be concluded that hypothesis 1 was only partially confirmed, as differences that can be considered significant were visible in only two of the five dimensions of entrepreneurial orientation. Moreover, it should be stated that enterprises own by both female and male entrepreneurs showed a positive correlation with the efficiency of enterprises, hence it seems that this research thread should be developed. This means that hypothesis 2 has been confirmed.

The value of the article is manifested through the exploration and development of a research problem in a selected population of companies. This research contributes to increasing the resource of entrepreneurial knowledge and underlines the importance of EO in generating the results of small enterprises. Pointing to the main limitations of the research, it is necessary to emphasize the limited research group and the managerial approach selected for the research, which, depending on the problem, may represent only one point of view.

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