

# A growth model for understanding female-owned enterprises

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## Abstract

Numerous policy initiatives designed to support the growth of female-owned enterprises in the developing economies have repeatedly failed to achieve their objectives. Research recognizes the lack of contextualized growth models for defining female-owned enterprises in such contexts as the main issue. Thus, and drawing from our qualitative data, we propose a growth model to account for the business development activities of female-owned enterprises from a developing economy perspective. Through analysing our qualitative data, it emerged that money (access and utilization), management (non-formal education and experience) and market (customer intelligence) were direct determinants of the growth trajectories of female-owned enterprises. Motherhood (household and family), meso- (membership of professional networks and social learning) and macro-environment (sociocultural and economic issues) indirectly influenced their growth by mediating women's access and utilization of the above-mentioned direct determinants. From that, we offer recommendations for practitioners including public authorities and key actors within the entrepreneurial ecosystem that provide the support infrastructure for female-owned enterprises in a developing economy.

**Keywords:** Female-owned enterprises; female entrepreneurs; growth model; developing economies; 6 Ms.

## **1. Introduction**

It is widely acknowledged in the gender and entrepreneurship literature that there is a lack of theoretical perspectives that capture the factors influencing the growth of female-owned enterprises operating within developing economies (Bruin et al., 2007; Brush et al., 2009; Hechavarria et al., 2019). We perceive this knowledge gap as the main issue that has contributed to a high rate of failure of policies meant to support the growth of the female-owned enterprise, particularly in developing economies (Kiviluoto, 2013; Strawser et al., 2021). Indeed, the 2016 report from Afrobarometer revealed that the success levels of public policies in developing countries were very low with Gabon at 41%, Liberia at 32%, and Nigeria at 31% (Afrobarometer, 2016). According to the Organization for Economic Cooperation and Development (OECD), such high rates of policy failures can be reduced when policymakers obtain adequate information about female-owned enterprises in developing economies (OECD, 2000). A better understanding of female entrepreneurship is crucial in that it helps to address the obstacles preventing them from achieving their full growth potential (Strawser et al., 2021). Thus, several scholars have hinted that a growth model for female-owned enterprises are required to provide a roadmap for guiding the establishment of effective support mechanisms that advance the field of female entrepreneurship in developing economies (Hechavarria et al., 2019; Ogundana et al., 2021a; Strawser et al., 2021; Wiklund et al., 2013). Accordingly, this study evaluates, contextualizes and extends Brush et al.'s conceptual framework into a fine-grained model that enfolds the growth determinants for female-owned enterprises in the context of developing economies.

## **2. Theoretical framework**

Brush et al (2009) introduced a 6 Ms model which scholars have considered to be generally suitable for explaining female entrepreneurship (Ettl & Welter, 2012; Munkejord, 2017). Thus, several studies have utilized the model for investigating female entrepreneurship but mainly in the context of developed economies (see Gibard & Chalus-Sauvannet, 2022; Iakovleva et al., 2013; Munkejord, 2017; Wang, 2018). The 6 Ms model – anchored on the institutional theory – consists of money, market, management, motherhood, meso- and macro-environment –see *Exhibit 1* (Gibard & Chalus-Sauvannet, 2022). Money is often investigated from an access-oriented or use-oriented perspective. Several studies have examined money from an access-oriented perspective but neglected how female entrepreneurs utilize money to grow their businesses while dealing with unique social, institutional, and business-related challenges (Walsh & Martin, 2021; Welter, 2011). Management refers to the level of education and accumulated entrepreneurial experience of female entrepreneurs which can impact an enterprise’s resource repertoire, foster resilience, and filter the stimulus of the context (Brito et al., 2022; Hartmann et al., 2022). Yet, the gender and entrepreneurship literature is still dominated by inconclusive studies leaving a gap in our understanding of how the level of education and previous experience of female entrepreneurs impact the growth of their enterprises (Coleman, 2007; Devine et al., 2019; Manolova et al., 2007) in the developing world context. The market is described as identifying, attracting, and retaining customers within enterprises (Ettl & Welter, 2012). The market often impacts growth by improving the customer base and liquidity derived from sales (Ettl & Welter, 2012). However, it places a greater emphasis on customer intensity which could inhibit the breakthrough of innovations that create market and disrupts the equilibrium (Becherer et al., 2008).

The concept of motherhood describes the impact of the household context which often influences female-owned enterprises more than their male counterparts (Gibard & Chalus-Sauvannet, 2022). Although the traditional roles and responsibilities of motherhood are capable

of hindering female-owned enterprises from achieving their full potential in business, family social capital can be an important resource that is capable of expanding their businesses' resource repertoire (Brito et al., 2022). The way the meso- and macro-environment (i.e., professional networks/national policies and socio-economic factors, respectively) influences the growth of female-owned enterprises will depend on the nature of social, institutional, and spatial contexts within which they operate (Welter, 2011). For the way the 6 Ms are intertwined, there are conflicting perspectives (Brush et al., 2009; Berger and Kuckertz, 2016; Munkejord, 2017; Munkejord, 2017; Wang, 2018). Thus, it is difficult to deduce a tentative conclusion that outlines how the 6 Ms interact to influence the growth of female-owned enterprises.

### **3. Methodology**

This exploratory study follows an interpretivist research paradigm that enabled us to investigate and unearth the lived experiences of actors and the meaning they attribute to reality (Denzin & Lincoln 2011; Nizet & Pichault, 2015; Strauss & Corbin, 1994). Given the absence of prior studies that have investigated our topic, we utilized a qualitative approach to generate rich insights that provide answers specific to a developing economy context (Hechavarria et al., 2019; Ogundana et al., 2021*b*). Besides, our epistemological, methodological, and empirical choices were selected to enable us to fully respond to a research call for in-depth studies that can offer a better theoretical understanding of female entrepreneurs and their enterprises (Gibard & Chalus-Sauvannet, 2022; Hughes et al., 2012). Using both purposeful and snowball sampling techniques, we collected data using multiple sources, including interviews, archival, and secondary data (such as minutes of meetings and press briefings) – *see Exhibit 2*. These chains of evidence permitted multiple methods of triangulations through which we generated a broader perspective to our research inquiry and enhanced the validity of our results (Gibard & Chalus-Sauvannet, 2022). The qualitative data were thematically analyzed using both data-driven codes, secondary themes, and aggregate concepts (*See Exhibit 3*).

## 4. Findings and discussion

*Exhibit 4* represents the new growth model that illustrates how the 6 Ms interact in such a way that influences the growth of female-owned enterprises in a developing economy. Our findings revealed that the 6 Ms could be classed into two separate categories of growth determinants: direct and indirect determinants (*See Exhibit 4*). Money, management, and market directly impacted the growth of female-owned enterprises in a developing economy. These direct determinants of growth generally represent the fundamental building blocks required by entrepreneurs to launch and grow an enterprise (Bates et al., 2007). To generate maximum support for the growth of their enterprises, female entrepreneurs mainly utilized the direct determinants (i.e., money, management, and market) in a way that aligns with their primary perception of growth – creating a “reverse impact” (*See Exhibit 4*). For instance, female entrepreneurs that perceived venture growth as the “increase in their clientele” utilized money to regularly improve the outlook of their workshops in an effort to attract a large customer base. A possible explanation is that female entrepreneurs' perception of growth is likely to be the goal of their enterprise (Costin, 2012).

The way female entrepreneurs utilize the direct determinants of growth (i.e., money, management, and market) within their enterprises could represent their businesses' objectives. A poorly formulated set of objectives would hamper a business enterprise from attaining its goal (Ogundana, 2020a). Regarding the way the direct determinants interrelate, female entrepreneurs utilized high non-formal skills and prior experiences (i.e., management) to gain further access to potential customers within a developing economy context (i.e., the market). An increase in the proportion of customers, through sales, will improve the availability of cash (i.e., money) to a female-owned enterprise. While the availability of cash (i.e., money) supported women's achievement of high non-formal skills and expand their business-related experiences.

Concerning the indirect determinants of growth, motherhood, macro-environment, and meso-environment functioned as amplifiers or inhibitors of women's access to the direct determinants of growth (i.e., money, market, and management) – *see Exhibit 4*. Female-owned enterprises in the developing economies received support from friends and family, trade associations (i.e., social learning activities among associates) and governmental bodies when seeking to access and expand their market, capital, and human resources. Sociocultural restrictions and unfavourable economic conditions, within the macro-environment, were the inhibitors of women's access to the direct determinants of growth. Household characteristics and gender-related matters (i.e., the existence of co-wives and social roles of women as homemakers), within motherhood, emerged as inhibitors of women's utilization of money, management, and market within their enterprises. Contrary to Tundui & Tundui (2013), our findings confirmed that the meso-environment had little or no adverse impact on the direct determinants of growth probably because the trade associations, within this study, contained more of female entrepreneurs within their membership and leadership. In other words, a trade association dominated by female entrepreneurs are more beneficial for supporting women's access to the direct determinants of growth within their enterprises in the developing economy.

With regards to the interrelationships between indirect determinants, the macro-environment influenced the meso-environment by approving the operating activities of trade associations before they can operate. The macro-environment utilized socio-cultural, economic prosperity and challenges to frame motherhood. Motherhood (family and friends) determined female entrepreneurs' choice of a trade association (meso-environment) they can apply for membership. The meso-environment and motherhood have little or no influence on the macro-environment because it is mainly exogenous (Huq, 2012; Ogundana, 2020b). Thus, female entrepreneurs, their household members (i.e., motherhood), and their business associations (i.e.,

the meso-environment) have little or no impact on the macro-environment in which they operate their enterprises.

## **5. Implications**

The findings of this study imply that female-owned enterprises in the developing economy region differ from their counterparts in the West. These differences emanate from the diverse business, social and institutional contexts that female-owned enterprises operate within (Simba et al., 2022; Welter, 2011). These contextual differences make female entrepreneurs in Nigeria operate their enterprises in a way different from those in the West. This implies that female-owned enterprises in the developing economies (including Nigeria) would require support mechanisms that are different from those targeted at female-owned enterprises operating within the developed countries (such as the United Kingdom). In other words, policymakers within the developing economy region should ensure that they produce support mechanisms that reflect the unique business, social and institutional contexts that female-owned enterprises are embedded within. By doing that, policy institutions are more likely to lower the failure rate of policies developed to support the growth of female-owned enterprises in developing countries.

## **6. Implementation of the findings**

The findings of this study revealed that one of the greatest challenges faced by female-owned enterprises in developing countries is socio-cultural restrictions (i.e., arising from gendered responsibilities). Thus, this study suggests that policy institutions should take steps to mitigate these sociocultural restrictions. Stakeholders, especially policy institutions, can implement this in the developing countries by implementing policy initiatives that explicitly address gender-related issues (including prejudice, gender biases, discrimination, and harassment in businesses) that are inhibiting the development of female-owned enterprises. The introduction of a growth model specific to female-owned enterprises confirms that women have something to offer in the business world and therefore should be treated differently from their male counterparts.

Thus, key economic stakeholders should take into consideration the value of female entrepreneurship and aim to increase its practice.

Based on the foregoing discussion, female entrepreneurs can also play a part in lowering some of the obstacles that confront them in their business environment. To implement this, female entrepreneurs should consider recruiting housekeepers who could assist in executing some of their household responsibilities. By doing that, female entrepreneurs would have more time that can be allocated to the development of their business enterprise. Besides, as some of the female entrepreneurs are already doing, it is recommended that female entrepreneurs should further utilize the skills and expertise of their household members in operating their business enterprise. By doing that, female entrepreneurs would be able to reduce their operating expenses through which they can improve the proportion of money available to them for operating their business enterprises.

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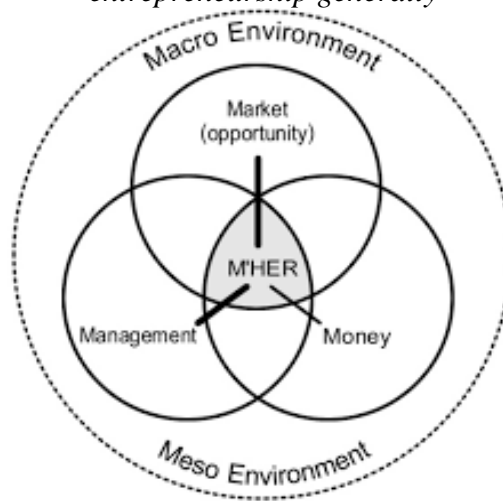
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## Exhibits

*Exhibit 1: Brush et al. 's (2009) Gender-aware theoretical framework for studying female entrepreneurship generally*



*Source: Brush, de Bruin and Welter (2009)*

*Exhibit 2: Data Sources*

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### Face-to-face interviews

⇒ Female entrepreneurs	35
⇒ Senior executives in charge of the running of trade associations	7
⇒ Senior staff of the ministry of women affairs and poverty alleviation	10

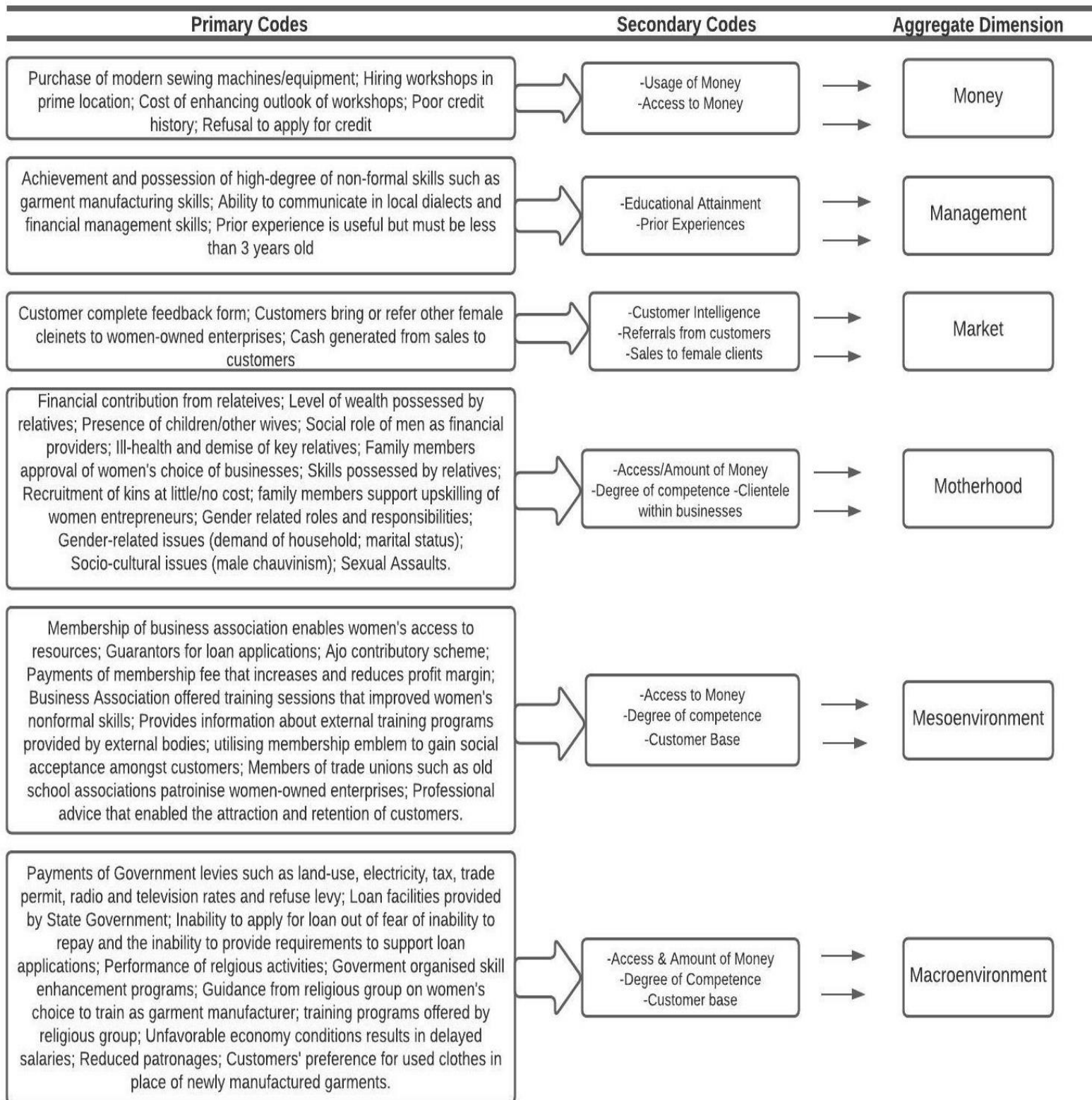
### Archival data

⇒ Minutes of meetings	4
⇒ Constitutions of the trade association	1
⇒ Ministerial press briefings	9
⇒ Training brochures	4

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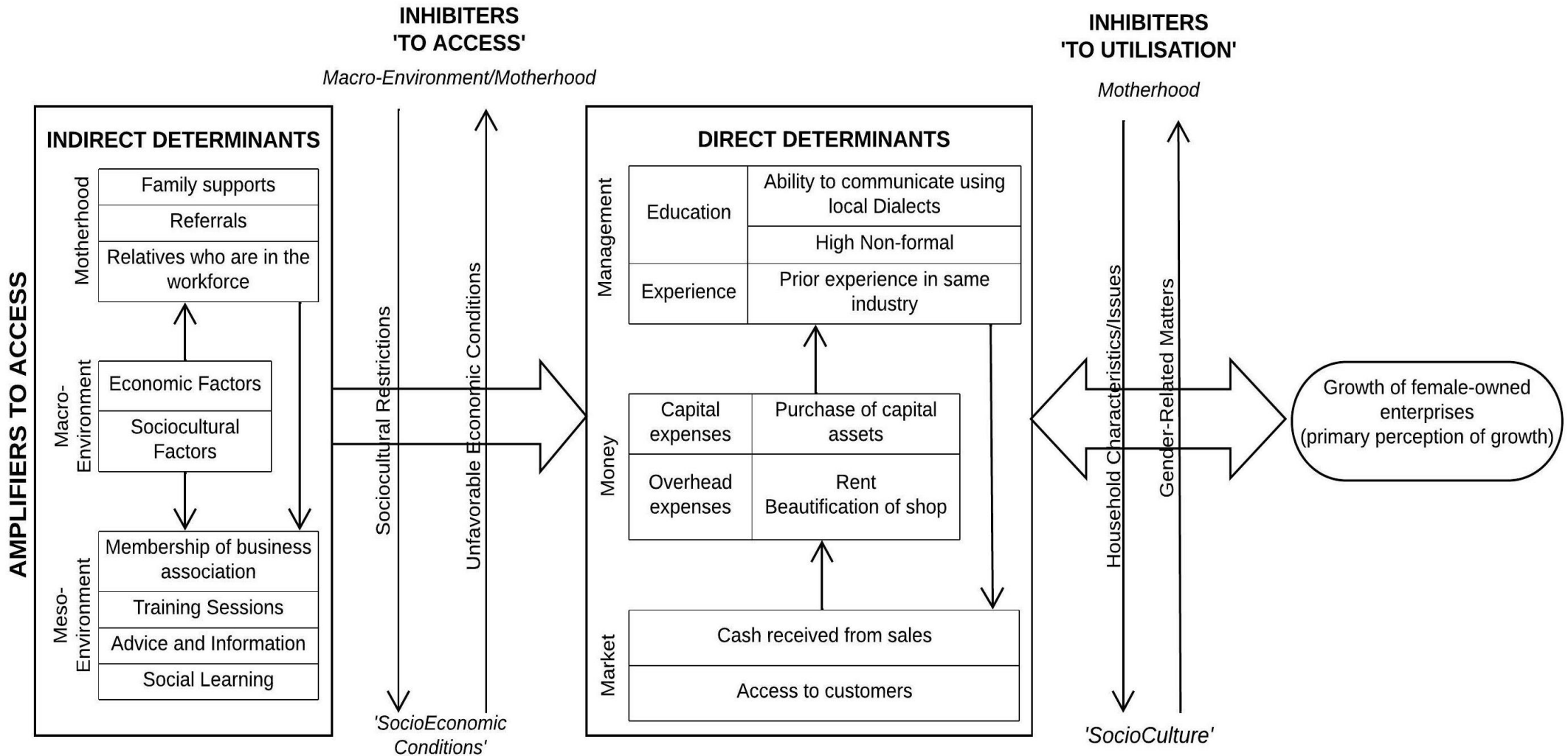
*Source: Authors' idea*

*Exhibit 3: Categorise and analytical themes from qualitative data analysis*



*Source: Author's idea drawn from the analysis of the interview transcripts*

Exhibit 4: Gender-aware framework that illustrates the factors influencing the growth of women-owned enterprises in a developing economy



Source: Author's idea