Differences in Male and Female Management Characteristics: A Study of Owner-Manager Businesses

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ABSTRACT. The rise in the number of female managers in recent years has fuelled the debate whether their management characteristics differ in any way from their male counterparts. While most researchers have tended to analyse these gender-related differences within large organisations, this study sets out to explore whether gender has an impact on management characteristics of male and female business owner-managers. In particular, the focus is on the management of established businesses, rather than start-ups. The management characteristics are studied in terms of (1) the owner-manager's managerial style, (2) the nature of the organisational structure, (3) the degree of delegation within the organisation, (4) the manner in which strategic objectives are set, and (5) the importance of personal objectives in the decision making process. In view of its findings that there are significant differences between male and female owner-managers in the way they manage their businesses, the paper considers implications for theory and policy.

1. Research background

While a very small number of large businesses do make a highly significance contribution to economic activity there is growing confidence in the small firms' ability to play a vital role in economic regeneration irrespective of how they are defined.[1] In the world's largest economy, the United States for example, businesses with less than 100 employees spend $2.2 trillion annually which is just a shade under the $2.6 trillion spent by the large companies i.e. companies with more than 500 employees (U.S.A. Today, 30 July 1999).

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Between 1994 to 1998, businesses with 30 employees or less generated nearly 9 million jobs in the United States and loans received under $100,000 by small businesses during the same period doubled to nearly 8 million (U.S.A. Today, 30 July 1999). A similar pattern is observed in other Western economies. The European Union statistics by size of enterprise show that businesses with less than 50 employees represent nearly half of all employment, while in developing and transition economies, small businesses account for up to 90% of the employment and around 70% of the GDP (Badrinath and Kirpal, 1998). In the United Kingdom, where this study is set, businesses with fewer than 250 employees account for over half of all non-government employment and turnover. While, smaller firms employing less than 50 people account for around 44% of all non-government employment and contribute around 37% of total turnover (Small Business Service, 2000).

There is evidence to suggest that this upsurge in entrepreneurial activity in recent years has been fuelled by women with the growth in the number of women owned businesses in the United States estimated to be between 80–90% over the past decade.[2] Statistics paint a similar picture in other Western economies with the proportion of female self-employment on the increase in most representing between 14% and 37% of all self-employed in European Union member states (Mukhtar, 1996). This rise in the number of female run businesses has been paralleled by academic interest in the field of female entrepreneurship. However, earlier gender-sensitive studies of small businesses have tended to focus mainly on pre-start up obstacles faced by women, in particular involving the raising of capital (e.g. Bowman-

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Upton et al., 1987; Olm et al., 1988; Buttner and Rosen, 1988; Riding and Swift, 1990; Schwartz 1976; Farmanfarmaian, 1988; Nelton, 1992; Brush, 1992; Touby, 1994; and Brown, 1995) or on the motivations and/or psychological traits of female entrepreneurs in starting a new venture (e.g. Goffee and Scase, 1985; Chaganti, 1986; Cromie, 1987; Sexton and Bowman-Upton, 1986; Hisrich and O'Brien, 1982; Hisrich and Brush, 1984; Pellegrino and Rees, 1982; Humphries and McClung, 1981).

Furthermore, there has been a tendency to conduct studies based on "female only" samples and samples that are small typically less than fifty.This generally holds true for all research including the United States where such research is at a more advanced, but not necessarily a complete stage. Such limited focus has invited criticism in this field of research (e.g. Curran, 1986; Stevenson, 1986; Solomon and Fernald, 1988; Allen and Truman, 1988; Carter and Cannon, 1992; Mukhtar, 1998). Although, some researchers have tried to address this imbalance (e.g. Carter et al., 1996; Mukhtar, 1998; Chaganti and Parasuraman, 1996; Baines and Wheelock, 1998; Chell and Baines, 1998; Rosa et al., 1994, Rosa and Hamilton, 1994, 1996). Gender-related research on the whole has not managed to keep pace with changes in the small firms sector. Especially in terms of studying whether the management characteristics, structures and strategies employed by female run businesses differ in any significant manner from their male counterparts. Analysis of psychological traits and motivations at the pre-start-up and start-up stages fail to shed any light on differences in behaviour that may exist between male and female owners-managers beyond the start-up stage. In particular, there is a dearth of evidence on gender-related management characteristics of owner-manager businesses since studies analysing gender-related management characteristics are invariably set within large organisations (e.g. Xie and Whyte, 1997; Bowess-Sperry et al., 1997; DiDio, 1997; Collingwood, 1996; Hale, 1996; Rozier and Hersh-Cochran, 1996; and Fondas, 1997).

2. Research objectives

Against this background, the aim of this research is to investigate whether gender has an impact on management characteristics. Hypotheses are developed and empirically tested by finding out if there is an association between gender of the owner-manager and his/her management characteristics within established businesses. There exist three possible scenarios. First, management characteristics of established male and female owner-managers and their businesses are mutually exclusive. Second, that once set up, female run businesses would adopt the majority (predominantly male) management characteristics and the two sets of genders would, therefore, run their businesses in a similar fashion. And third, the in between scenario, which postulates that once set up, male and female owned-managed businesses are run *quite* differently but there may be some degree of overlap in their management characteristics. Before developing the hypotheses, the terms *gender*, *management characteristics*, *owner-manager* and *established businesses* are defined within the context of this study.

Gender: Feminists have long argued about the extent to which women are the same or different from men, and about the political consequences of adopting these positions. While, a detailed discussion of gender is outside the scope of this study, it is worth noting that over the past twenty years, the study of men and women has moved from an emphasis on sex differences to sex roles to the centrality of gender (Hess and Ferree, 1987). The sex difference perspectives states that maleness and femaleness are biologically determined attributes which have social implications while, sex role theories argue that bilological determinants can be combined with social determinants i.e. a combination of nature and nurture indifferent proportions. The gender perspective on the other hand sees gender as a principal organising social arrangement i.e. "gender is not a trait but a system for dividing people into distinct, non-overlapping categories despite their natural variability on any particular characteristic" (Hess and Ferree, 1987, p. 16). Gender differences are socially constructed and relate men to maleness and women to femaleness. We adopt the gender perspective for this study on the basis that doing gender-specific or gender-related work assumes that "gender is a property of systems rather than people, but that it is important to trace the experience of people within gendered social structure" (Hess and Ferree, 1987, p. 17). It is worth stating that the term gender within the context of this study refers to the biological sex of the owner-manager. Any references to gender-related differences, therefore, refer to differences associated with a particular sex.

Management characteristics: Management characteristics are defined and categorised in terms of (1) the owner-manager's managerial style, (2) the nature of the organisational structure, (3) the degree of delegation within the organisation, (4) the manner in which strategic objectives are set, and (5) the importance of personal objectives in the decision making process.

Owner-manager: An owner-manager is different to the manager of a small business in that he/she has a personal stake in the business i.e. he/she owns as well as manages the business.

Established business: This study defines businesses that have been operating for six years or more as established businesses. The data is obtained from a national survey of small and medium sized enterprises (SMEs) within the United Kingdom (see the section on research methodology below).

3. Literature review and hypotheses

As mentioned earlier, much of the evidence on gender-related management characteristics comes from studies based in large firms. While it is acknowledged that a large firm setting is not necessarily applicable in its entirety to SME operations, inclusion of this evidence is relevant for two reasons. First, it provides a context and offers behavioural direction for hypotheses under investigation. Second, there is evidence to prove that career dissatisfaction within larger organisations is often the key driving factor pushing women into entrepreneurship. A detailed discussion of the management literature is outside the scope of this study. In this section, the SME and management literature is carefully scanned to report findings that are considered particularly relevant to the aims of this study.

3.1. *Managerial style*

Managerial values can play a critical role in how decisions are made (McKinley-Floyd, 1998) and how a business is managed including the manner in which strategies are set as well as what functional areas are focused upon (Paik, 1998). In terms of gender, evidence suggests that no significant difference exist in managerial values among men and women (Xie and Whyte, 1997). Research also shows that male and female managers are similar in their capabilities and management competence (Everett et al., 1996; Xie and Whyte, 1997). However, how managers respond to employees may depend on their gender (Bowess-Sperry et al., 1997; Donath, 1999).

Although findings are conflicting (Eagley et al., 1999), there is a perception that there is a distinct difference between men's and women's management styles and how these influence work output. While men adapt masculine style of management, women use more participative style (Rozier and Hersh-Cochran, 1996). Participative management has been a popular theme during the 1990s and is said to be practised if others are consulted before decisions are made and to what extent are management teams (rather than the manager) are allowed to make decisions (Smith, 1996). If these elements of consultation and delegation in decision making are missing, an organisation is said to be autocratic in style. An autocratic management style, it is argued, is a rational organisational response to a business environment that contains a single dominant source of volatility, while participation or consultative management style is a rational response to multiple sources of volatility. Small businesses, since they predominantly exist in industries dominated by a single source of volatility, can reap rewards from autocratic managerial styles (Casson, 1996). However, Casson (1996) does not take into consideration the gender of the owner-manager.

Furthermore, compared to their male counterparts, female managers tend to place greater emphasis on understanding (Bowess-Sperry et al., 1997), team building (DiDio, 1997), interpersonal skills (Strebler, 1997), democratic values (Collingwood, 1996), communication (Barrier, 1999), negotiating and maintaining strategic alliances (Hale, 1996). Psychologists suggest that women emphasise relationships over winning (Chapman, 1997). In fact it is even argued that with an increasing number of female managers, "feminisation" of the workplace is taking place (Fondas, 1997) which, it is suggested, is a good thing since these "female skills" are more suited to today's global leadership and flattened organisations (Hale, 1996). Others argue that there is no such thing as a "female management style" and that the similarities between the two genders outweigh any differences between them (Wajcman, 1996). One study reports that while there are significant gender differences in organisations, these differences decrease as managerial level increases (Xie and Whyte, 1997). However, there is general agreement among scholars that there is pervasiveness of masculine ethic (Maier, 1997; Simpson, 1998) and "think manager-think male" attitude within organisations which are often perceived by female managers as male resistance to their presence (Simpson, 1998). Gender discrimination is not intentional, but rather ingrained in the larger organisation's cultural context (Wah, 1998). What is interesting to note, however, is that subscribing to the prevalent organisational culture (Thompson, 1996), if women do act more like men (Wah, 1998) and show assertiveness in their behaviour (Schullery, 1998), they are devalued by their male counterparts for exhibiting "masculine" management styles (Hull and Umansky 1997) and are perceived to be too aggressive (Jason et al., 1999). There appears to be an inherent "institutional" discouragement and disapproval of strong female managerial style.

The evidence suggests that despite the well intentioned initiatives such as "Opportunity 2000" over the past decade which aim to rid of gender inequality and acknowledgement on part of organisations to tackle diversity issues (Cafasso, 1996; Friedman, 1998; Ely and Meyerson, 1999), female managers may not be much further along (Himelstein and Forest, 1997). Not only do large differences in organisational response to equal opportunities continue to exist (Kremer et al., 1996), there is often a huge gap between what female managers would like in terms of career development and what they receive from their managers and organisations. This is partly because while gender inequality is very much persistent in organisational practices, perversely a dominant perception of equality occurs at the same time (Benschop and Doorewaard, 1998). Frustrated by their experience within the existing power structures, women are abandoning corporate careers in favour of self-employment. Since promotions within large organisations are limited, it could be argued that women are often forced to set up their own businesses as a form of "self promotion" (Mukhtar, 1996).

Taking the gender of the manager into account within this context, and in view of the above evidence that there exists a culture clash with men and organisations, female managers face a dilemma. If they practice participative managerial style, they are considered too passive and soft (Thomson, 1996; Jason et al., 1999), but if they adapt the existing power structures (Wah, 1998; Thompson, 1996) and practice autocratic (or task oriented and directive) managerial style, they are looked upon as too aggressive (Jason et al., 1999).

The question then arises that if women have the freedom to choose (which they do when they are the owner-manager of a business) what managerial style would they opt for within their business: autocratic or participative? In view of the above evidence *a priori* we would expect that:

> *Hypothesis 1:* Compared to male owner-managers, female owner-managers would practice a participative style of management.

3.2. *Organisational structure*

There is evidence to suggest that organisational structures are replacing a pyramid style of management in favour of flatter, participative, and more flexible structures (Dalton, 1999; Bannister, 1999; Pullin, 1998; Katzenbach, 1996; Marion, 1998; Hale, 1996). The underlying premise being that such organisational changes would help company growth, increase performance (Katzenbach, 1996) and promote communication (Marion, 1998), which it is suggested is good news for women as it implies a move towards participatory style of management (Richardson, 1999). Evidence suggests, however, that even in non-hierarchical organisations gender inequalities still exist (Oerton, 1997). While both men and women want an opportunity to move up into the management hierarchy (Martin, 1998) women often have lesser opportunities to do so. In addition, historically, women have been paid less than men even when the two hold similar jobs and have similar experience (Crampton et al., 1997; Huffman and Vleasco, 1997). The existence of "glass ceiling" is cited widely in management literature as a factor that impacts on women's promotion and career prospects within large organisations (Hull and Umansky, 1997; Wojcik, 1997; Simpson, 1997; Strebler, 1997; Buttner, 1997; Everett et al., 1996; Rosenthahl et al., 1996). U.S. Workforce, for example, is now reaching 50% female, yet women only constitute 2.4% of the top jobs in corporate America (Wellington, 1996). In Europe, the glass ceiling is found to be even lower (Frazee, 1997). A European Union based study by Antal (1992) suggests that, although women across Europe account for about 40% of the labour force, very few reach the managerial positions they seek in large organisations. It is estimated that by the 2005 only 17% of corporate officer positions within Fortune 500 companies will be women while the female workforce will be 50%.

A number of explanations are offered for female managers' limited promotions and career progression including sex-related stereotypes (Hull and Umansky, 1997; Everett et al., 1996; Schein, 1996), sex discrimination (Gutek, 1996) "old boys network" (Gay, 1997; Marshall, 1997), and perception of women as too "soft" (Thompson, 1996) or passive (Jason et al., 1997). Research also shows that female managers are perceived as less impulsive (Donath, 1999), less aggressive and more risk averse (Browne, 1998). Literature suggests that relating these perceptions to performance can have deleterious consequences for women's career progression (Rosenthahl et al 1996). Such attitudes and the existence of a "glass ceiling" in the wider workplace are important considerations from the small firms' perspective since they are often cited as key factors for women starting their own business (Goffee and Scase, 1985; Hoffer, 1987; Nelton and Berney, 1987; Cromie and Hayes, 1988; Antal, 1992; Capowski, 1992; Muir, 1994; Mukhtar, 1996, 1997; Caudron, 1998). This is further supported by other general evidence to suggest that traditionally, once people are dissatisfied with their organisational careers, they move toward setting up their own businesses (Brockhaus and Horowitz, 1986).

In light of the above evidence that women have tendency to gravitate toward participative management style, it could be argued that given the choice they would prefer to operate flatter organisational structures compared to men since imposing values of one structure onto another leads to conflict which is personal in effect (Primeaux and Beckley, 1999). Female managers' inclination to operate flatter structures is further supported by the evidence that women see hierarchical structures resistant to their progression (Simpson, 1998) and there exists poor organisational fit between women and prevalent managerial structures which plays a big role in job dissatisfaction (Lovelace, 1996). In addition, compared to men, while women have a lesser desire for status (Browne, 1998) and power (Shmuckler, 1996), they have a stronger wish to do more meaningful work in smaller organisations (Caudron, 1998). *A priori*, we would expect female owner-managers to be more comfortable within flatter organisational structures.

Evidence shows that distinctive organisational structures assume their own respective behavioural expectations with the hierarchical structures emphasising autocracy and obedience and flatter participative organisational structure emphasising co-operation (Primeaux and Beckley, 1999). It is worth noting that empowerment of people is dependent on structures within the organisation (Fox et al., 1996). Real authority is determined by the structure of the information, which in turn depends on the allocation of formal authority (Aghion and Tirole, 1997). Factors that increase "real" authority of subordinates include urgency of decision and performance measurement (Aghion and Tirole, 1997). Flatter hierarchies and thus authority levels allow and encourage open relationships, communication and interaction between people as individuals rather than their status (Groat, 1997) i.e. attributes that are associated with female managers. Setting up flexible structures would be in line with the participative managerial style of women since participation of teams and consultative decision making is vital to flatter organisations. Since their path to entrepreneurship is partly reflective of women's frustrations encountered in the hierarchical workplace, it could be further argued that, given the choice as owner-managers, women would adopt flatter organisational structures with fewer levels of authority. *A priori*, therefore, we would expect that:

Hypothesis 2: Compared to male owner-managers, female owned-managed businesses would have flatter organisational structures.

3.3. *Delegation of responsibility*

Related to the style of management and decision making is the degree of delegation that operates within a business. It follows from the above discussion that if we expect women to display more participative style of management and to operate flatter organisational structures, *a priori* female owner-managers would also be better at delegating responsibility to others within their businesses.

Hypothesis 3: Compared to male owner-managers, female owned-managed businesses would practice greater delegation of responsibility within their businesses.

3.4. *Setting strategic objectives*

A reflection of and as an inherent part of, a particular adopted managerial stance, participative or otherwise, is the manner in which business strategies and objectives are set. Strategy and objective(s) setting are central to all businesses and represent an important aspect of any managerial decision making. All owner-managers would have objectives they wish to achieve, when they are, for example, considering diversification, growth, and/or relocation (Hall, 1995). However, how these strategies and goals should be set i.e. formally versus informally, and which of the two delivers superior business performance remains a topic for debate. It has been shown, for example, that a formal decision-making process ensures better results and greater compliance since it is usually performance related (e.g. Scarborough and Zimmer, 1987). On the other hand, informal managerial process may offer greater flexibility (Miller and Toulouse, 1986; Pelham and Clayson, 1988). It could be further argued that a formal managerial process may even be totally irrelevant to a small firm, since any goal(s) set by the owner-manager are likely to materialise in any case as there is unlikely to be any dissent expressed by others within the business, towards the owner-manager. Therefore, there should in fact be no need to formalise the process of setting business objectives in the first place. In smaller firms, therefore, strategic business goals could be simply equated to the personal objectives of the owner-manager (Mintzberg, 1990) and the firm could be perceived as the extension of the owner-manager (Casson, 1996). It is also suggested that greater the instability in the environment within which firms are operating, the greater the diversity observed in their owners-managers' decision making, and thus greater the correlation between the personal objectives of the owner-manager and the firm's (Miller and Toulouse, 1986).

Following this line of argument, we would expect all SME businesses in general to be operating informal procedures to set business objectives. However, the question is whether there are gender-related differences among the owner-managers. Given that an informal approach is based less on status and more on open relationships, communication and interaction (Groat, 1997), it is more likely to be adopted by women as it is consistent with their management style and flatter organisational set up. Set against these arguments, Hypothesis 4 states that:

Hypothesis 4: Compared to male owner-managers, female owned-managed businesses would operate more informal procedures to set their business objectives.

3.5. *Importance of personal goals in managerialdecision making*

Business objectives significantly influence management practices for small businesses (Gaddene, 1998), while the firm is perceived as the extension of the owner-manager (Casson, 1996). Furthermore, given that within smaller businesses, personal objectives of the owner are intertwined with that of the firm as alluded to above, it follows that personal objectives will impact significantly on managerial practices. The importance of personal goals within the decision making process cannot, therefore, be ignored from the viewpoint of this study.

Although there are some "lifestyle" small businesses and not all seek expansion and growth (Gray, 1992); these considerations would surely apply equally to both male and female owned-managed businesses. Evidence also shows that achievement of personal objectives is more marked amongst start ups and in the post-formation stage, established businesses are "more interested in making money" (Gray, 1992, p. 66). However, these findings do not take into account the gender of the owner-manager. What is of interest to this study is whether female owner-managers would be more likely to base their decisions primarily on personal criteria (i.e. decision making is dictated by what is best for the owner-manager) rather than giving precedence to their business needs (i.e. decision making is dictated by what is best for business). Given their different motivations for starting up a business, *a priori* we would expect:

> *Hypothesis 5:* Compared to men, female business owner-managers' decision making will be dictated more by their personal objectives than their business needs.

4. Research methodology

4.1. *Data collection*

The initial sample data was gathered through a national postal survey – 30,000 questionnaires were posted in total during 1994 to randomly chosen members of three small business organisations in the U.K.[3] 10,000 each were sent to the members of the Forum of Private Business (FPB) the Federation of Small Business (FSB), and the Rural Development Commission (RDC). The number of returned completed questionnaires was 5,710, constituting a response rate of just about 19%. This response rate was a little less than expected and may be attributable to the timing of the survey which coincided with the end of the year. Using this data base (which identified gender of the owner-manager), a subsequent survey was conducted using a sub-sample to investigate the hypotheses outlined above. The survey instrument and the gender-specific nature of the data are discussed later in this section. An additional semi-structured questionnaire was used for telephone interviews with the owner-managers in order to gain a broader perspective on the data collected as well as to gather qualitative information on issues under investigation.

4.2. *Sample bias*

Although the original universe of businesses was chosen at random from three business organisations, a number of measures were taken in order to further ensure there was no sample bias. First, it was determined that the questionnaires used had indeed been completed by the owner-managers themselves. Although the questionnaires were clearly marked for the attention of the randomly selected owner-managers registered with the three business organisations, each respondent was asked to clearly indicate their status within the business i.e. sole-proprietor, director or partner.[4] Analysis showed that 3.9% of the questionnaires had been completed and returned by the employees. These were discarded. Only responses from owner-managers are analysed who, it is assumed, are the decision-makers and thus have the capacity to change and/or influence the management characteristics of their respective businesses. A comparative analysis of these characteristics would therefore serve as evidence of deliberate choices made by male and female owner-managers.

Second, profiles of respondents from each of the three business organisations were compared. No statistically significant bias was found among the membership of FPB, FSB and RDC. Third, a telephone survey was conducted with a randomly selected 237 members from the three organisations who had received, but not yet completed and returned the questionnaire. The telephone survey constituted six questions selected from the questionnaire. No significant bias was found between the respondents and the original non-respondents.

However, despite these precautionary measures it is acknowledged that a bias may be introduced by deriving a sample from the three business organisations in that the sample may be self-selecting to a certain degree since such organisations may attract and, therefore, may represent particular types of politically aware businesses. In light of this the sample data were compared with

TABLE I
Comparative national and sample statistics on self-employment

	Female self-employment as proportion of total self employment (%)	Male self-employment as proportion of total self employment (%)
National (LFS data)	26.8	73.2
Sample (n = 5710)	14.9	79.7

Source: Labour Force Survey (2000).

national statistics with a view to placing the respondent businesses in a wider context. Table I compares the number of self-employed male and female businesses, while Table II compares the distribution of all businesses across different industrial sectors. Self-employment is chosen since the most comprehensive published national statistics, (which are also gender-specific), the Labour Force Survey (LFS)[5] relate to self-employment. Table I shows that female self-employed businesses in the sample are 12 percentage points below the national average. This may be due to the fact the number of sole-proprietors in the sample data is compared to the national statistics on self-employment. The two terms are not necessarily synonymous since the latter may include owners, both sole-proprietors and partners, of unincorporated businesses. The LFS data, however, do not make this distinction (Hakim, 1989). It is worth noting that female self-employment has increased from 18% of all self-employment to 27% in 2000 (LFS, various years).

Table II compares the sectoral distribution of sample businesses with national statistics. Results show some strong differences, especially in the number of manufacturing businesses within the sample, which are well above the national average and in construction, which are well below the national average. The number of businesses in mining is about the same as the national average, while transport/distribution, agriculture/forestry/fishing, and services are slightly under-represented by about 3 percentage points and wholesale/retail are over-represented by about 6 percentage points compared to the national average. Overall, the distribution of businesses across the different industrial sectors in the sample is in line with the national trends.

TABLE II
Sectoral distribution of national and sample businesses

Industrial Sector	National (%)	Sample (%)
Agriculture/Forestry/Fishing	5.1	2.8
Construction	18.2	7.0
Mining	0.1	0.2
Manufacturing	8.7	29.2
Transport/Distribution	6.1	2.9
Wholesale/Retail	14.5	20.7
Services (financial and others)	34.8	26.1
Total number	*3.7 million*	*5,710*

Source: Small Business Service (2000).

Despite these differences in the sample data compared to national statistics, it is argued that as long as the original universe of sample businesses is randomly chosen from the same base, influence of such a bias is considered insignificant for the purposes of this study since the central aim is to carry out a gender-based comparative analysis. What is of critical importance is, therefore, to ensure that *like is being compared to like* i.e. male and female businesses should originate form the same base which is the case in this study.

4.3. *Gender of the owner-manager*

Whether a business is male or female owned-managed was identified by a question in the questionnaire which asked respondents to state whether the principal owner of the business was male or female.[6] A business was defined as female owned-managed or male owned-managed on the basis of an answer to this question. Of the 5,710 businesses in the sample, 56.9% (n = 3,239) were male owned-managed and 5.7% (n = 325) were female owned-managed. After adjusting for the questionnaires completed by the employees, the sample constituted 3,425 businesses. Of these 320 were female and 3,105 were male-managed businesses. It is worth noting that no control was made for the gender of the respondent in the survey as respondents were selected randomly.

4.4. *Control variables*

In order to eliminate any bias in findings due to differences in business size and the length of time an owner-manager had been in business, it was decided to control for these variables. In addition, a bias could be introduced due to the industrial sector within which a business operated. Services, for example, tend to be more labour intensive compared to manufacturing firms. The impacts of these three variables within the context of this study are discussed as follows.[7]

Business sector: In order to eliminate any bias that may arise due to sectoral differences, it was decided to test for any gender-related differences holding business sector constant. Initially the services sector was selected since it comprises the highest concentration of all owner-manager businesses in the sample providing a reasonable data set for comparative analysis (Table III). In addition, the distribution of businesses was found to be roughly similar for both men (26%) and women (37%) within this sector.

It soon became clear, however, that there is no simple definition of what really defines a services sector. The service sector could be "product based", where, for example, an off the shelf computer software is traded, or it could represent a "service based" activity, where, say, some sort of post-purchase consultancy service is offered to the softward buyer. Although it was generally known that the sample firms dealt mostly with customers who were consumers and tended to be "service based" in terms of this definition, no detailed information on the nature of these businesses was available. It was acknowledged that they could represent a diverse range of activities and may cloud the accuracy of findings. In view of this, it was decided that similar comparative analyses should be conducted for businesses within another sector. The underlying assumption being that if the findings across the two sectors were consistent, conclusions could be drawn with greater authority regarding the impact of gender of the owner-manager on his/her management characteristics. Given that the manufacturing sector comprised the second largest sector in the sample (Table III) constituting 29% male and 20% female owned-managed businesses, it was decided that empirical analyses should be conducted for services as well as the manufacturing sectors.

TABLE III
Distribution of owner-manager businesses by industrial sector

Business sector	(%)
Agri/Forestry/Fishing	2.5
Construction	7.9
Mining	0.2
Manufacturing	27.9
Transport/Distribution	3.1
Wholesale/Retail	19.5
Services (financial and other)	38.8
Total number	*3,425*

Business size: Size of the operation can be an important consideration in determining how a firm is managed. There is evidence to believe that size is associated with the survival of the firm. At the sample mean, a 1% change in firm size leads to a 7% change in the probability of survival (Evans, 1987a). Phillips and Kirchoff (1989) also show a positive relationship between size and survival. Similar evidence is gathered by Ganguley (1985) and Hudson (1987). It should be noted, however, that survival does not necessarily imply better performance. Evans (1987b) and Dunne et al. (1989), for example, discovered a negative relationship between the rate of growth and size. *A priori*, therefore, it is difficult to determine whether larger sized businesses will necessarily be found to have superior managerial practices than smaller ones. Improved efficiency in some business operations should be observed however, since as the size of business becomes larger, more specialised skilled personnel, such as accountants, are needed. Furthermore, larger businesses may have a steeper learning curve and may have become more knowledgeable more quickly as they have to deal with multi-disciplinary tasks and have to do "more of the same" than a smaller firm (Hall, 1995). However, whatever the differences between larger and smaller firms, the central consideration in this study is whether their managerial characteristics differ by the gender of their owner-managers.

It follows from above that, *a priori*, as the size of business operation becomes larger, the gender-related managerial differences diminish, or even disappear. The underlying premise being that at larger sizes of business, it is the size of the business operation that dictates the nature of management rather than the gender of the owner-manager. *A priori*, therefore, we would expect larger owner-managers, irrespective of their gender, to be less autocratic, more formal, practice greater delegation of authority, have a more formal approach towards strategic and operational planning, and practice decision making that is dictated by business objectives.

Against this background, businesses in the manufacturing and services sector were categorised in three size groupings comprising 4–10 employees, 11–14 employees, and 15–40 employees. The less than 4 employee size category was discarded on the basis that these firms were far too small for analysing management characteristics as outlined in the hypotheses above. For example, we could not realistically test for any differences in the organisational structure using such small business size. While firms with over 40 employees were too few in numbers to conduct a meaningful analysis. For comparative purposes in the analysis that follows, only businesses with 4–10 or 15–40 employees are included and are referred to as "*small firms*" and "*large firms*" respectively. Holding business size constant in this manner would permit comparison of gender-related differences across different sizes of business.

Length of time an owner-manager has been in business: Length of time an owner-manager has been in business could have an impact on its managerial practices. There is evidence to suggest that, over time, owner-managers may change their managerial practices as firms, for example, begin to diversify their product lines in a given market and market segmentation becomes more prevalent (Miller and Friesen, 1982). Managerial expertise might be expected to grow over time as accumulated knowledge is acquired through "learning by doing". The owner-managers would gain greater confidence as their problem solving ability grows and the probability of encountering new problems declines. There are fewer unexpected surprises and, therefore, business operations can be planned better and with a greater certainty. Furthermore, there would be a realisation on part of owner-managers that they are not equipped with all the managerial skills required to run their business (Hall, 1995). There would be a greater understanding of the specialist skills required within the business and a need for specialised roles would become evident. There is also a possibility that, over time, their portfolio of managerial skills may loose their relevance to the business. The person(s) who set up the business may know how to enter a new niche market, but may not be equipped to tackle the problems of growth within a company (Ray and Hutchinson, 1983). Old skills may no longer be appropriate and would need to be revised, and/or there may be a need to hire new specialised personnel. As a result, greater delegation may take place especially as there would be a greater confidence on part of these owner-managers to oversee any delegated managerial tasks (Hall, 1995).

It follows, therefore, that less established owner-managers are likely to have "informal structures" dominated by owner-managers, the more established owner-managers would be in an early formalisation stage, and will have a more "functionally organised" or even "bureaucratic" structures (Miller and Friesen, 1982). For the more established businesses, therefore, roles would become functionally based, and decision-making team based, both of which imply delegation to others and decentralisation of authority (Miller and Friesen, 1982). *A priori*, we would expect the more established owner-managers, irrespective of their gender, to be more sophisticated in their managerial structure, not least because of the greater experience of the owner-manager. As a result, such owner-managers would be less autocratic, more formal, practice greater delegation of authority, have a more formal approach towards strategic and operational planning, and practice decision making that is dictated by business objectives.

It is clear from the above discussion that the length of time an owner-manager has been in business may influence its managerial practices. Given that the aim of this research is to explore gender-related differences within on going established firms, only those owner-managers who had been trading for at least 6 years were included in the analysis (Table IV). On average, an owner-

TABLE IV
Length of time business owner-manager trading

Length of time owner-manager in business	(%)
Upto 5 years	19.8
6–10 years	21.9
11–15 years	16.6
26–30 years	8.3
More than 30 years	9.4
Total Number	*3,425*

manager in the sample had been in business for 16 years and employed 25 people.

5. Data analysis

What follows are empirical analyses of management characteristics of male and female owner-managers who have been operating in the manufacturing or the services sector for 6 years or more and employ between 4–10 employees or 15–40 employees (Table V). The objective is to determine whether there are any gender-related differences among the owner-managers of established businesses when business sector and business size are held constant.

5.1. *Instrument*

The survey constituted a closed questionnaire. The respondents were asked to tick one characteristics from a list of items that best represented their managerial characteristic as well as their decision making process. A five-point ascending semantic differential rating scale was used with 1 representing a weak link and 5 representing a strong link between the respondent and the characteristic under investigation. The data gathered thus provides measures that would be broadly consistent and comparable across businesses. In order to analyse the reliability of survey instruments Cronbach's alpha was computed. The value of Cronbach's alpha was 0.719 indicating that survey instruments were reliable.

5.2. *Management characteristics of owner-managers of small firms (4–10 employees)*

Multivariate analysis of variance (MANOVA) was computed in order to test the hypotheses about the relationship between sets of inter-related dependent variables for small firms (4–10 employees). The Hotelling's T statistic (divided by N-2) was calculated for the simultaneous test of the five hypotheses that there are significant differences in management characteristics between male and female owned-managed businesses within manufacturing small firms (Table VI, column 2) and services small firms (Table VI, column 3). Since the observed significance level is less than 0.001, the null hypothesis that the gender of the owner-manager does not impact on the management characteristics is not accepted.

In order to identify the subset of dependent variables (i.e. individual management characteristics under investigation), contributing to these observed differences between the two gender groups (Table VII, columns 2 and 3), univariate analysis for the individual variables were examined (Table VII, columns 4 and 5). These are the same as the F values from one-way analysis of variance (ANOVA) and the F values are just the square of the two-sample t values. Significant differences are observed for twelve out of the sixteen variables testing for management characteristics for small firms operating in the manufacturing sector with eight of the characteristics

TABLE V
Sample used in the analysis

An owner-manager has been in business for 6 years or more		Number of male businesses	Number of female businesses
Small firms: 4–10 employees	Manufacturing	442	32
	Services	410	61
Large firms: 15–40 employees	Manufacturing	154	18
	Services	111	23

TABLE VI
Multivariate analysis testing for differences in management characteristics between male and female owned-managed businesses in the sample

Column 1	Column 2	Column 3	Column 4	Column 5
Test name	Significance of F			
	Small manufacturing	Small service	Large manufacturing	Large services
Hotellings	0.000	0.000	0.000	0.000
Wilks	0.000	0.000	0.000	0.000

significant at 0.01 level (Table VII, column 4). While in the services sector (Table VII, column 5) six of the sixteen variables show differences that are significant at the 0.05 level and six at the 0.01 level (Table VII, column 5).

5.3. *Management characteristics of owner-managers of large firms (15–40 employees)*

MANOVA was computed for manufacturing and services large firms (15–40 employees) in order to test the hypotheses about the relationship between sets of inter-related dependent variables (Table VI, Columns 4 and 5). The Hotelling's T statistic for the simultaneous test of the five hypotheses is less than 0.001 for both sectors showing significant differences in management characteristics between male and female owned-managed businesses. The null hypothesis that the gender of the owner-manager does not impact on the management characteristics is not accepted.

In order to identify individual management characteristics contributing to these differences ANOVA was calculated. ANOVA identifies that when manufacturing firms are large, significant differences are observed for fifteen out of the sixteen variables (Table VII, column 6). While for the large services firms, these differences are significant for fourteen out of the sixteen variables (Table VII, column 7). All but three of these 29 differences are found to be significant at the 0.01 level.

6. Discussion of results

6.1. *Managerial style (H1)*

The results show that the owner-managers of the small manufacturing and services firms (irrespective of their gender) feel the need to approve all final decisions themselves (Table VII, V3, columns 4 and 5). However, significant gender-related differences are observed to the extent to which employees are allowed to participate in the decision making process. Contrary to *a priori* expectations, female owner-managers are not only less inclined to allow their employees to make independent decisions (Table VII, V1, Columns 4 and 5), they are also less likely to consult them on a regular basis (Table VII, V2, Columns 4 and 5). HI that female owner-managers would employ more participatory managerial style compared to their male counterparts is not accepted for small firms (4–10 employees).

Significant differences between the two gender groups are observed for all three management characteristics testing for Hypothesis H1 for large firms irrespective of the business sector (Table VII, Columns 6 an 7). No significant shift in behaviour is observed between female owner-managers of small businesses (Table VII, Columns 4 and 5) compared to when they are managing large businesses (Table VII, Columns 6 and 7). Contrary to *a priori* assumptions, female owner-managers remain autocratic and continue to practice very restrictive non-consultative behaviour. Men on the other hand tend to have a more relaxed management style when their businesses are larger no longer feeling the need to approve all final decisions (Table VII, V3, Columns 6 and 7). This result holds true for both manufacturing

TABLE VII
Analysis of dependent variables contributing to differences in management characteristics for male and female owner-managers

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
Hypothesis	Variables testing for management characteristics (Ascending scale 1–5)	Variable description (Ascending scale 1–5)	Small firms 4–10 employees		Large firms 15–40 employees		Large firms 15–40 employees	
			Manufac	Services	Manufac	Services	Variables mean and standard deviation (Ascending scale 1–5)	
			Significance of F					
H1	V1 Please indicate the extent to which your employees are allowed to make independent decisions without consulting you? (Please tick one) 1 2 3 4 5	1 = Employees cannot make independent decisions without consultation 5 = Employees can make independent decisions without consultation	0.044*	0.043*	0.000*	0.002**	Male = 4.00 (0.60) Female = 1.25 (0.62)	
	V2 Please indicate the extent to which you consult your employees in decision making on a regular basis? (Please tick one) 1 2 3 4 5	1 = I do not have regular input from employees 5 = Employees are always consulted most of the time on a regular basis	0.014*	0.012*	0.001**	0.000**	Male = 3.95 (0.87) Female = 2.00 (0.32)	
	V3 How strongly do you feel that all final decisions must be approved by you? 1 2 3 4 5	1 = All final decisions do not have to be approved by me 5 = I feel very strongly that all final decisions must be approved by me	0.321	0.612	0.000**	0.000**	Male = 1.50 (0.89) Female = 3.89 (0.34)	
H2	V4 How many levels of authority do you have in your business? (Please tick one) 1 2 3 4 5	1 = the owner-manager 2 = the owner-manager and one other employee 3 = three levels of authority 4 = four levels of authority 5 = 5 or more levels of authority	0.675	0.378	0.031*	0.003**	Male = 4.51 (0.29) Female = 2.00 (0.54)	
	V5 How strongly do you feel that asserting your authority as the owner-manager is essential to the efficient management of your business operations? (Please tick one) 1 2 3 4 5	1 = Asserting my position is not essential to managing my business 5 = Assering my position as the owner-manager often helps me to manage my employees and business operations better	0.233	0.254	0.043*	0.043*	Male = 1.61 (0.30) Female = 4.56 (0.62)	

TABLE VII *(Continued)*

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
H2 *(cont'd)*	V6 How strongly do you agree with the following statement: There is no need for formal documentation in the business. I usually manage with everything is in my head. (Please tick one) 1 2 3 4 5	1 = I do not agree 5 = I agree very strongly	0.001**	0.009**	0.000**	0.000**	Male = 1.47 (0.32) Female = 4.80 (0.13)	
	V7 How strongly do you feel that for a business to run efficiently there must exist formal documentation procedures at every authority level within the business? (Please tick one) 1 2 3 4 5	1 = I do not feel strongly 5 = I feel very strongly	0.003*	0.013*	0.000**	0.000**	Male = 3.78 (0.20) Female = 2.10 (0.11)	
	V8 To what extend do you create job functions competencies of your existing employees (i.e. you try to create job functions to accommodate people already working for you)? (Please tick one) 1 2 3 4 5	1 = I do not create jobs around existing employees competencies 5 = I try hard to create jobs around existing employees competencies	0.004**	0.000**	0.000**	0.000**	Male = 2.02 (1.12) Female = 4.09 (0.30)	
	V9 To what extent do your business functions dictate who you hire and retain in your business? (Please tick one) 1 2 3 4 5	1 = Business functions do not dictate who I hire 5 = My decision to hire is always dictated by the business functions	0.002**	0.000**	0.000**	0.000**	Male = 4.89 (0.40) Female = 1.87 (0.07)	
	V10 To what extent do you implement performance related measures as a necessary management tool for your employees? (Please tick one) 1 2 3 4 5	1 = I do not believe that implementation of performance related measures are necessary 5 = I feel that implementation of performance related measures are necessary to the management of my business	0.000**	0.005**	0.430	0.765	Male = 3.76 (0.02) Female = 3.89 (0.09)	

TABLE VII *(Continued)*

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
H3	V11 To what extent do you delegate responsibility to your employees? (Please tick one) 1 2 3 4 5	1 = I tend to do everything myself and tend not to delegate 5 = I always delegate responsibility to my employees	0.510	0.371	0.000**	0.000**	Male = 3.76 (0.29) Female = 1.23 (0.31)	
	V12 Would you be prepared to delegate "total" responsibility to an employee if he/she specialised in, and were in charge of a particular business operation? (Please tick one) 1 2 3 4 5	1 = I do not feel comfortable with delegating "total" responsibility to a specialist 5 = I am happy to delegate total responsibility to the specialist	0.026*	0.034*	0.001**	0.006**	Male = 4.34 (1.60) Female = 1.05 (0.08)	
	V13 How strongly do you feel that ultimate responsibility lies with the owner-manager? (Please tick one) 1 2 3 4 5	1 = I do not feel strongly 5 = I feel very strongly that final responsibility for every task ultimately lies with the owner-manager	0.005**	0.002**	0.003**	0.003**	Male = 1.84 (0.20) Female = 4.00 (0.41)	
H4	V14 To what extent do you rely on formal procedures (e.g. a business plan) to set your business objectives? (Please tick one) 1 2 3 4 5	1 = I do not feel the need for formal procedures 5 = I always employ and stick to formal procedures on a regular basis	0.000**	0.000**	0.560	0.099	Male = 3.92 (0.10) Female = 3.89 (0.07)	
H5	V15 To what extent do your business objectives dictate the decision making process within your business? (Please tick one) 1 2 3 4 5	1 = Business objectives do not dictate any of my decisions 5 = Business objectives dictate all my management decisions	0.004**	0.023*	0.000**	0.000**	Male = 4.66 (0.24) Female = 2.34 (0.43)	
	V16 To what extent do your personal objectives influence the way you run your business? (Please tick one) 1 2 3 4 5	1 = Personal objectives do not dictate my decisions 5 = Personal objectives dictate all my management decisions	0.034*	0.014*	0.002**	0.000**	Male = 1.76 (0.88) Female = 4.89 (0.09)	

** Significant at 0.01 level.
* Significant at 0.05 level.

and services sectors. Gender of the owner-manager and not size or sector is significantly related to the style of management when size of business is more than 14 employees. HI that female owner-manager would employ more participatory managerial style compared to their male counterparts is not accepted for large firms.

6.2. *Organisational structure (H2)*

Results show that the number of levels of authority within small firms is not related to the gender of the owner-manager (Table VII, V4, columns 4 and 5) with most operating less than three levels. Interestingly, both men and women feel that asserting their position is important in managing their business (Table VII, V5, columns 4 and 5). However, while men tend to have formal organisational structures with documented procedures at each level of authority (Table VII, V7, columns 4 and 5), women have a much more informal approach to managing their day to day business (Table VII, V6, columns 4 and 5). Female owner-managers tend to rely more on their instincts with "everything in my head" attitude. In addition while women tend to build business functions around the skills and competencies of existing employees (Table VII, V8, columns 4 and 5), men build their organisations around business functions (Table VII, V9, columns 4 and 5). In other words, while for women business functions evolve out of people, for men the hiring of employees is dictated by the business needs. We define these different organisation building approaches as "person based" and "function based" respectively. Another aspect marking gender differences between men and women is how they implement performance related measures within their businesses. While the latter favour such measures, male owner-managers do not consider such measures to be of any importance irrespective of the business sector (Table VII, V10, columns 4 and 5). These organisational characteristics imply that female owned-managed businesses are unitary structures with the owner-manager dictating all aspects of the organisational activity while male owned-managed businesses tend to be function based, multi-level and divisonalised.

When businesses are larger, no significant differences are observed in female organisational structures across the seven variables within either of the sectors under investigation (Table VII, V4–V10, columns 6 and 7). Female businesses continue to be unitary, informal (with "everything in my head") and person based structures. While, male owned-managed businesses become more divisonalised, formal, and hierarchical. One marked shift among male businesses when they become large is their insistence on implementation of performance related measures (Table VII, V10, columns 6 and 7).

It is worth noting that these results contradict findings from H1, which shows that female owned-managed businesses practice autocratic managerial style even when they are large. Under H2, therefore, *a priori* we would have expected these businesses to become hierarchical, formal and function based in their organisational structures. The unexpected findings to the contrary suggest that even at larger sizes of business, female owner-managers tend not to delegate and retain centralised control over their business operations. Hypothesis H2 is partially supported in that female and male owned-managed businesses do build and operate different organisational structures with women favouring flatter structures and performance related measures, but they do not comply with the related participative behaviour that allows open communication, and relationships. While men become more relaxed about asserting their position to get things done, women continue to feel the need to assert their position in order to be more effective managers (Table VII, V5, columns 6 and 7).

6.3. *Delegation of responsibility (H3)*

No gender related differences are observed in how small owner-managers delegate authority with the majority of all owner-managers exercising very little or no delegration of authority irrespective of the business sector within which they operate (Table VII, V11, columns 4 and 5). However, while women maintain this non-delegative stance even at larger business sizes, a marked shift in attitude is observed among male owned-managed businesses (Table VII, columns 6 and 7). The degree of delegation increases for the latter as business size becomes large. Interestingly, compared to men, women are not prepared to delegate responsibility even to a specialist even when they are managing large businesses (Table VII, V12, columns 6 and 7). One explanation for these differences may lie in how the owner-mangers perceive their own role (Table VII, V13). It is interesting to note that while women believe very strongly that the ultimate responsibility for all business operations lies with the owner-manager, men are more inclined to share the burden of responsibility with others. These differences hold true for both small (Table VII, V13, columns 4 and 5) as well as for large businesses (Table VII, V13, columns 6 and 7) irrespective of the business sector. In other words, while men are willing to delegate responsibility to others for managing different business operations, women feel they need to take personal responsibility for each and every task. Female owner-managers appear to hold themselves personally accountable for the success or otherwise of each business operation no matter what the size of their business. These observations support and strengthen the findings from H2, which show that male owned-managed businesses are more function based compared to female owned-managed businesses. In terms of H3, these observations do not support our *a priori* assumptions, as female owner-managers are more reluctant to delegate than their male counterparts.

6.4. *Objectives setting (H4)*

Significant differences are observed between men and women in terms of how they set and execute business objectives irrespective of the size of the operation or business sector (Table VII, V14, columns 4–7). It is interesting to note that while male owner-managers set objectives informally when their businesses are small (Table VII, columns 4 and 5), women tend to stick to formal procedures. When business size is large, no gender-related differences are observed with the majority of all owner-managers setting objectives formally irrespective of the sector within which they operate (Table VII, V14, columns 6 and 7). It appears that female owner-managers have a greater focus on what they wish to achieve for their businesses even when they are managing smaller enterprises. While this behaviour is congruent with the earlier findings that women tend not to delegate to others, it is contrary to our *a priori* expectations for H4 and imply that women not only like to retain managerial control, but they also tend to be very focused on a clearly defined set of objectives with which they achieve these objectives. These business objectives are often set by the owner-manager herself without consulting others. H4 is not supported as a result.

6.5. *Personal objectives (H5)*

How the owner-managers' personal objectives impact on their decision making is significantly impacted by their gender (Table VII, V15 and V16). It appears that personal objectives play a greater role in decision making for women than for men irrespective of the business size and sector. Even when their business operations are large, women's personal criteria drive their business agenda (Table VII, V16, columns 6 and 7). While business needs dictate the agenda for male owned-managed businesses even when the business size is small (Table VII, V15, columns 4 and 5). These findings further support the "function based" approach to business by men while female owned-managed businesses are "person based" irrespective of size of business. H5 is strongly supported by these findings.

7. Implication of findings for theory and policy

Findings from this study that gender does impact on management characteristics of the owner-manager have obvious implications for theory and policy. Especially as not only is the direction of the findings not in accordance with our *a priori* assumptions, female managerial behaviour appears to change little or not at all with the changing size of business. These findings are summarised in Figure 1 and their implications are discussed as follows.

7.1. *Relationship between gender and management characteristics*

Female businesses differ markedly in their managerial styles compared to male businesses. In contrast to our expected findings, female owner-managers are found to be more autocratic, less consultative, less willing to allow employees to

Size of Business

	Small	*Large*	
Male Owner–Manager	1. Participative style of management 2. Do not delegate well 3. Rely on formal documentation to manage their business 4. Manage by asserting personal authority 5. Define business functions in terms of tasks and business needs 6. Set objectives informally 7. Business criteria dictates decision making i.e. decision making is based on what is best for business 8. Build business structures that are function based, multi-level and divisionalised 9. Decision making is centralised – feel the need to approve all final decisions 10. Feel personally responsible for each task and outcome	1. Participative style of management 2. Willingness to delegate responsibility to others 3. Rely on formal documentation to manage their business 4. Manage by sharing responsibility with others 5. Define business functions in terms of tasks and business needs 6. Set objectives formally 7. Business criteria dictates decision making i.e. decision making is based on what is best for business 8. Build business structures that are function based, multi-level and divisionalised 9. Decision making is decentralised - do not feel the need to approve all final decisions 10. Do not feel personally accountable for all outcomes	**Decisions based on the criteria "what is best for the business"**
Female Owner–Manager	1. Autocratic and controlling style of management 2. Do not feel comfortable delegating to others including experts 3. Rely on informal procedures and intuition with 'everything in my head' approach to management 4. Manage by asserting personal authority 5. Define business functions in terms of people and their competencies 6. Set business objectives formally and stick to them strictly 7. Personal criteria dictates decision making i.e. decision making is based on what is best for the owner–manager 8. Build unitary business structures with the owner-manager at the centre overseeing every task 9. Decision making is centralised– feel the need to approve all final decisions 10. Feel personally responsible for each task and outcome	1. Autocratic and controlling style of management 2. Do not feel comfortable delegating to others including experts 3. Rely on informal procedures and intuition with 'everything in my head' approach to management 4. Manage by asserting personal authority 5. Define business functions in terms of people and their competencies 6. Set business objectives formally and stick to them strictly 7. Personal criteria dictates decision making i.e. decision making is based on what is best for the owner manager 8. Build unitary business structures with the owner-manager at the centre overseeing every task 9. Decision making is centralised– feel the need to approve all final decisions 10. Feel personally responsible for each task and outcome	**Decisions based on the criteria "what is best for the owner–manager"**

Figure 1. Relationship between gender of the owner-manager, management characteristics and size of business.

make independent decisions and more reluctant to delegate authority to others. Gender-based differences also exist in organisational structures. In contrast to *a priori* expectations, women are found to operate more informal managerial procedures with an "everything in my head" approach, have an inherent need to assert their position and tend to build their business around people they already know and employ. Women also believe that that the main responsibility for all business operations lies with the owner-manager which is in line with the female tendency to have more centralised control over all aspects of their business and which manifests itself in unitary managerial structures. These results support other studies showing that women tend to make decisions alone and without consulting others (Smith, 1996).

The majority of all female businesses have formal procedures for setting business objectives and measurable goals to achieve them. Given their centralised managerial style, the setting of business objectives can be taken as synonymous with those of the owner-manager. However, this behaviour of female owner-managers appears to be contradictory since one aspect of setting objectives formally is to have measurable achievable goals which the majority of female owner-managers purport to seek. Simultaneously, however, another aspect of this process is to document these procedures and translate them to others in the business, which in turn implies delegating to others and ensuring that these objectives trickle down successfully to other authority levels. This contradiction in female owners-managers stems from the fact that they appear to comply with the former, but are reluctant to practice the latter. This only lends weight to the evidence that their managerial style can only be described as "handling everything myself".

These findings may suggest that given that, female owner-managers are more informal, and thus more flexible owner-managers with little or no documented procedures, they rely on intuition for key decisions within their businesses and in the manner in which the structure of the business is organised. For female businesses, therefore, formal strategic planning may serve to legitimate their intuition, while they remain relaxed about operational planning. There is a suggestion that it is deliberate policy on part of the owner-managers to practice informal procedures in order to maintain flexibility within their businesses (Pelham and Clayson, 1988). According to Robinson and Pearce (1984), the lack of formal operational planning is not because the owners-managers do not see the importance of sound decision making, but because of lack of time. This may be a legitimate explanation for the way female businesses are run with their desire to do everything themselves and lack of willingness to delegate to others. Maintaining flexibility, as argued by Pelham and Clayson (1988), also may be a reasonable explanation of the female owner-managers behaviour. This may imply that, although for female businesses the strategic objectives are synonymous with those of the owner-manager (especially given their autocratic management style), formalising these strategic objectives may represent a commitment on their part to achieving them. It may provide some kind of a comfort zone that something specific and concrete is being done. Furthermore, although they may rely on their intuition, setting concrete goals may serve as partly mitigating this intuition.

7.2. *Relationship between management characteristics, gender and size of business*

A priori, it may be argued that the level of managerial skills will be lower in smaller firms. Graduates, for example, will be attracted to larger firms. Furthermore, the smaller the firm, the greater the range of skills that the owner-manager is required to display. As the firm becomes larger, a number of specialist roles can be identified, such as accountant, marketing manager etc. The role of the owner-manager than truly becomes managerial in the sense that he/she oversees these managerial disciplines. This necessarily implies a greater delegation of authority within a larger business, as there are not only a greater number of roles, but also more specialised roles. For smaller firms, it would be expected that the owner-managers should have a more "hands on" approach, and the setting of goals would be synonymous with the owner-manager (Mintzberg, 1990). In larger firms, the managerial structure becomes more divisionalised and staffed by specialised personnel (Siropolis, 1977; Koontz et al., 1980; Miller and Friesen, 1982; Fry, 1993). As a result, the decision making process necessarily becomes less unitary and centralised and more delegative.

It is interesting to note, however, that while these expected changes in managerial attitude and organisational structure at larger sizes of business are observed among male owned-managed businesses, no such change is observed for female owned-managed businesses. While men seem able to accommodate a change in their managerial stance with changes in their business size, women on the whole do not. In fact, the *change in business size* has very little impact on the managerial behaviour of female owners-managers. They continue to behave and organise their business at larger sizes in almost the same fashion to when they own and manage smaller sized operations (Figure 1).

Findings from this study show that compared to men, female businesses may be less flexible in their managerial practices in that their practices change little (or not at all) as the size of operation becomes larger. For female managers, personal agenda continue to dictate the business agenda irrespective of the size of business. While, for men, business agenda dominate any personal consideration irrespective of the size of business.[8] Given that the observed gender-related differences remain significant across different sectors confirms the view that it is gender of the owner-manager and not necessarily the business size or sector that determine how a business is managed.

7.3. *Developing a conceptual model of managerial behaviour by gender*

Following from above, the question arises whether the apparent "inflexibility" in managerial behaviour of female owner-managers is by design or are they somehow incapable of changing in line with the demands made by their businesses. Given that this study constitutes a sample comprising *established* owner-managers who by virtue of their status hold the necessary authority to shape their business, suggests that these managerial characteristics (Figure 1) represent their preferred behavioural stance and deliberately chosen managerial structure. In addition, these differences may represent different motivational factors driving men and women. It is acknowledged that motivational factors and personal behaviour are, to an extent, sub-conscious characteristics and as a result not easy to evaluate the quantify. For example, the choice and effectiveness of an organisational structure of a business has a direct impact on its efficiency. But the managerial choice of a particular organisational structure may not always be made on the basis of efficiency and economics. Such a choice may be a function of the level of autonomy desired by the owner-manager, as well as, his or her ego and the need for power and control. The point is that even though female owner-managers do have a choice as decision-makers to change their organisational structure and managerial styles and attitudes, they tend not to, even when they are established. Female owner-managers continue to make decisions led by their personal criteria i.e. "what is best for the owner-manager" even when businesses are larger and more established while, male owner-managers tend to make managerial decisions based on economic criteria i.e. "what is best for business" irrespective of size.

What these findings highlight is that there are significant gender related differences in how decisions are made and how business is conducted and strengthen the view that male owner-managers and female owner-managers cannot be considered as a homogeneous entity in terms of the "expected" managerial behaviour. In light of these findings, the conceptual model in Figure 1 is developed. It shows the relationship between management characteristics, gender and business size and may help us to capture and understand gender-related differences in management characteristics. It is acknowledged that there would be some overlap in the behaviour of male and female owner-managers (as depicted by the area of overlap in Figure 1). In other words, there would be some female owner-managers who would exhibit similar managerial characteristics as their male counterparts at larger sized operations and *vice versa*. What Figure 1 depicts, however, are the *predominantly* different managerial characteristics exhibited by the *majority* male and the *majority* female owner-managers based on the findings from this study.

Findings from this study suggest that there are some core gender-related differences, which differentiate male managerial characteristics from the female managerial characteristics. Their needs and development, both in business as well as in personal terms would, therefore, require quite different strategies. These findings substantiate, and further support, the concept of "Gender-based Entrepreneurialism".[9] In other words, they point toward the need for considering differentiated policies for male and female owner-managers in areas such as training and business support.

8. Implication of findings for female owner-managers

In terms of managerial implications, the central question that needs to be considered is whether the "inflexible" managerial attitudes of female owner-managers need to be addressed. Whether or not these attitudes arise as a result of a deliberate personal choice, they do imply an inability on part of females to "let go" and in their attempt to do everything themselves, their business operations may be suffering. More importantly, these female owner-managers may themselves be suffering. Their need to be in control of *all* tasks (irrespective of the size of their business) may be a manageable feat when the business is small but as the business size becomes large, these women may in fact be doing too much. Women may be more controlling is evidenced by research findings that if control within an organisation is perceived to be less by women, women will "adjust" work arrangements in order to enhance their control (Albert and Bradley, 1998). This may be partly due to the fact that compared to men, female managers have a greater willingness to accept responsibility (Chapman, 1997), tend not to overestimate their performance and do rate themselves lower (Fletcher, 1999).

While, female owner-managers' attitude that leadership comes from the top may be commenadable, Koontz et al. (1980) identify the inability to "let go" as one of the factors preventing delegation within an organisation. Other factors include the degree of receptiveness, willingness to let others make mistakes, willingness to trust subordinates, and willingness to establish and use broad controls. Female owner-managers may need to realise that having some kind of delegation and organisational structure does not necessarily imply losing control or compromising their personal objectives, and may, in fact, strengthen their managerial effectiveness. Training, therefore, should take into account that there is a need to appreciate the role of organisational planning on part of female owner-managers. They need to learn to recognise and define business operations in terms of skill sets rather than people. Training also needs to convince female owner-managers that a multilevel structured organisation would not only be able to absorb shocks more effectively, such structures would be more prepared for volatility in, and be more responsive to, the external environment. It would allow the owner-manager more time to focus on strategic operations. Given that women are said to possess "diffuse awareness" or an ability to see the big picture at all times (Chapman, 1999), such adjustments to their organisational structure while in no way hindering the fulfilment of personal objectives would strengthen and complement female owner-managers' managerial competency and efficiency.

Notes

[1] There is no single official definition of what constitutes a small firm. There is a wide range of definitions used in practice, each valid in its own context. For the purposes of this research and in view of the profile of the SME sector in the United Kingdom, businesses with 200 employees or less are taken as SME businesses. It should be noted, however, that EU definition under DG XXIII is as follows.

Mirco	0–9 employees
Small	10–99 employeees
Medium	100–499 employees
Large	500+ employees

[2] According to the Small Business Administration, in 1998 women-owned business generated $3.1 trillion in revenue in the U.S. and their numbers have been increasing steadily, and more rapidly, than those of other small business in the economy growing 89% during the past decade (SBA, 1999). While, according to the Natonal Foundatio for Women Business Owners, the number of women-owned businesses has gone up by 78% in the past decade (NFWBO, 1999).

[3] This survey (at Manchester Business School) aimed to gather a national data base and to investigate the impact of BS 5750 (see also Mukhtar 1998).

[4] See footnote 2.

[5] The Labour Force Survey consists of an ongoing sample of 160,000 weighted to respresent the total population. The self-employed status is based on the respondents own assessment and is defined as those working on their own account, whether or not they have employees.

[6] It should be noted that an analysis of mixed businesses is outside the scope of this paper and comprises the subject of another study. This study focuses on single male owned-managed and single female owned-managed businesses.

[7] Education background and the age of the owner-manager may impact on his/her managerial skills. It is worth noting that the average age of the owner-manager in the sample was 37 and the majority did not hold any formal university or college qualifications. No statistically significant relationship was found between these factors and the gender of the owner-manager or his/her management characteristics as defined above. These factors are not held constant during the analysis.

[8] For women these findings may represent work-family conflict. For example, there remains a strong gender division of labour within the home. A detailed analysis of work-family conflict is outside the scope of this paper. This study confirms that the gender of the owner-manager is significantly related to their decision making.

[9] Gender-based Entrepreneurialism is defined as that part of the entrepreneurial activity and decision making that is associated with, and is explained by, the gender of the entrepreneur. Gender-based entrepreneurialism thus constitutes a subset of wider entrepreneurial activity within the economy and advocates that male and female business owner-managers exhibit different forms of entrepreneurialism (see for example Mukhtar 1996). Mukhtar (1996) also extends and applies this

definition to define ethnic-based entrepreneurialism and family-based entrepreneurialism. See also Muhktar (1998).

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