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Performance and Innovation in Women- Owned Home-Based Businesses

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Background & Context

- Women-owned home-based businesses (HBBs) appear to face distinct barriers to growth and performance (Loscocco & Smith-Hunter, 2004; Thompson et al., 2009)
- The business characteristics of men and women-owned HBBs differ (Breen, 2009; Wang et al. 2009)
- Evidence against the ‘female underperformance hypothesis’ from the wider business literature demonstrates that controlling for business characteristics can explain the gender-gap (Farhat & Migid 2017; Zolin et al., 2013)
- Gender differences in business age, industry and location can mediate the lesser performance of women-owned firms (Lee & Marvel, 2014; Sappleton, 2018)



Objective, Research Questions & Data

- To investigate whether women-owned home-based businesses underperform men-owned home-based businesses
 - 1) How does the turnover, employment & innovation of women-owned HBBs compare with men-owned HBBs?
 - 2) Do women-owned HBBs more commonly hire subcontractors as a substitute for regular employees?
- Longitudinal Small Business Survey, 2015
 - UK SME's with 0–249 employees
 - Stratified random sample (representative)
 - Sample of 3,851 businesses registered at a home postcode

Modelling & Operationalisation

Model: Dependent Variable	Operationalisation of Dependent Variable		Independent Variables (Business Characteristics)
	Code	Category	
Model 1: Annual Turnover	1	£82,000 – £249,999 (Ref Cat.)	Women-Owned Location Industry (SIC 1 DIG) Business age Ethnicity of owner(s) Online presence No. Owners/Partners Legal status Exporter of goods or services
	0	Below £82,000	
	2	£250,000 +	
Model 2: Employment	0	No Employees (Ref Cat.)	
	1	Subcontractors Only	
	2	Regular Employees Only	
	3	Subcontractors & Regular Employees	
Model 3: Innovation	0	Non Innovators (Ref Cat.)	
	1	Innovators	

Results

Under £82,000	RRR	SE	+/-	Sig.
Women-Owned	1.172	0.156	+	No
Over £250,000	RRR	SE	+/-	Sig.
Women-Owned	1.084	0.167	+	No
Subcontractors Only	RRR	SE	+/-	Sig.
Women-Owned	1.341	0.201	+	No
Reg Employees Only	RRR	SE	+/-	Sig.
Women-Owned	1.831***	0.224	+	Yes
Reg & Subcontractor	RRR	SE	+/-	Sig.
Women-Owned	1.621**	0.275	+	Yes
Innovation	Odds	SE	+/-	Sig.
Women-Owned	0.998	0.099	-	No

Control variables that are not shown: ethnic minority owner(s), online presence of the business, no. of owners/partners, legal status, exports goods/services, industry, business age

p<0.05, **p<0.01, *p<0.001, Source: authors' compilation.*



Conclusions & Further Research

- No significant gender differences in turnover or innovation
- Women-owned HBBs have significantly higher RRR of being an employer of regular employees, and both regular employees and subcontractors
- The results do not support the female underperformance hypothesis
- However, the higher employment performance of women-owned HBBs requires further investigation
- Do men-owned HBBs move out of the home when they want to take on employees and grow their business?
- Further research using longitudinal data, and including non-home based businesses is still needed



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