Gender Differences in Small Business Strategic Planning: Do Women Plan More Than Men?
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Abstract

As the world of work changes and uncertainty continues in regard to employment conditions, more women are motivated to start their own businesses. However, many women-owned businesses are very small and appear to have limited growth capacity. There are few business role models for women in corporate Australia. So how do women break in? The evidence suggests that not only do many women have the capacity to grow their businesses, they also have the desire. Given the positive relationship between strategic planning and business success, this paper considers whether women are more likely than men to strategically plan their business growth. A new generation of women business leaders who are strategic thinkers is something that Australia desperately needs.

KEY WORDS
Strategic planning, SME, small business, women in business

Introduction

Much of the management literature argues that business competitiveness and survival are placed at risk when planning – especially long term strategic planning – is neglected. However, it is reported that the majority of small businesses do not plan to any great extent, least of all strategically (Berman, Gordon, & Sussman 1997; Orser, Hogarth-Scott & Riding 2000; Robinson & Pearce 1984; Sandberg, Robinson & Pearce 2001; Sexton & van Auken 1985). While this is concerning in relation to the small business sector generally, the lack of strategic planning is especially concerning in relation to women-run businesses. This is because women's businesses often grow at a slower rate than comparable male-owned businesses (Clayton 1998; Lee-Gosselin & Grise 1990).

Accordingly, considerable effort has been expended into understanding the barriers (e.g., socialisation, education, family roles, access to capital/finance, lack of business networks, etc.) faced by women in business (Kalleberg & Leicht 1991). However, there has been a surprising lack of consideration of strategic planning as a possible
barrier. In fact, very little is known about women’s business planning activities generally. In response, this paper presents descriptive findings from a Western Australia study into small business planning. In particular, this paper reports the propensity of women small business owner-managers to engage in various types of business planning, their planning sophistication, planning horizon and planning review frequency.

**Background – Australian Women in Small Business**

Women and small business ownership have been the subject of numerous studies over the past 30 years with the opinion changing from women being pushed into self-employment (Breen, Calvert & Oliver 1995; Brush & Hisrich 1991; Carter & Allen 1997; Moore & Buttner 1997; Roffey et al. 1996; Still & Chia 1995) to women now more actively choosing self employment (Still & Timms 2000; Still & Walker 2006; Walker & Webster 2006). In Australia, over 30% of businesses are owned by women (Australian Bureau of Statistics 2005) and the current ‘archetypical’ profile of an Australian woman business owner according to Still & Walker (2006, p. 296) is:

- Primarily aged between 30 and 50
- Is an only child or eldest child
- Is tertiary educated
- Had a rural background
- Is Australian-born or has Australian nationality
- Is married with children
- Was educated in single-sex schools
- Had a working mother and a father in business
- Had secretarial training
- Is in the business full-time
- Is operating a business that is predominantly service-oriented
- Is operating in rented premises
- Primarily started the business with less than $10,000
- Primarily been in operation for more than 12 months
- Had difficulty in obtaining start-up finance
Strategic Planning, Small Business and Women

The small business sector is generally “plagued by high failure rates and poor performance levels” (Jocumsen 2004, p.659) and comprehensive reviews of the small business literature (e.g., Hormozi, Sutton, McMinn & Lucio 2002; Lurie 1987; Miller & Cardinal 1994; Schwenk & Shrader 1993) suggest that, ceteris paribus, much of the problem can be attributed to a lack of strategic planning by small business owner-managers. Strategic planning refers to the setting of long-term business goals, and the development and implementation of plans to achieve these goals (O’Regan & Ghobadian 2004; Stonehouse & Pemberton 2002). With respect to performance, strategic planning is most commonly associated with better performing enterprises and is recognised as a vehicle to drive business competitiveness and hence, business success (Vicere 1995).

Small businesses that engage in strategic planning (compared to those that do not) are more likely to be those that achieve higher sales growth, higher returns on assets, higher margins on profit and higher employee growth (Berman, Gordon & Sussman 1997; Bracker, Keats & Pearson 1988; Carland & Carland 2003; Gibson & Casser 2005). Moreover, small businesses that engage in strategic planning are also more likely to be those enterprises that are more innovative, that have more newly patented products, that employ new process and management technologies, and that achieve international growth (Beaver & Prince 2002; Gibbons & O’Connor 2005; Stewart, 2002; Upton, Teal & Felan 2001). Perhaps most importantly, small businesses that engage in strategic planning are less likely to be those that fail (i.e., involuntarily wound up) (Gaskill, van Auken & Manning 1993; Perry 2001). Overall, the relationship between strategic planning and business performance is best summarised by the following statement:

“Of all the contrasts between the successful and the unsuccessful business, or between the leader and follower, the single most important differentiating factor is strategy” (J. Thomas Canon in Olson and Currie 1992, p.50).

While considerable research has been conducted into small business strategic planning and its importance to business continuance, very little attention has been
paid to gender differences in this area. Given that women are generally acknowledged to behave and manage their enterprises differently from men, and their approaches to strategic management are also recognised as being distinct, (Chaganti 1986; Olson & Currie 1992; Rosa, Carter & Hamilton 1996), gender and strategic planning is an under researched area. Gender differences in business operation reflect, in part, the dispositional (interpersonal orientation) and situational (power and opportunity) characteristics peculiar to men and women (Carter, Williams & Reynolds 1997).

Much of the extant knowledge about small business strategy and planning comes from studies which typically ignore gender influences and little is known about whether or how women differ from men in this area. Only three recent studies (viz. Perry 2002; Sonfield, Lussier, Corman & McKinney 2001; Yusuf & Saffu 2005) have provided comparative findings in relation to men and women's strategic planning practices. Results from the studies have been contradictory and the focus on different aspects of planning in each of the studies has made specific comparisons difficult.

For example, Yusuf and Saffu (2005) investigated planning sophistication in small business and found that men were significantly more sophisticated in their strategic planning (e.g., used more formalised and systematic planning methods, procedures, tools and techniques) than were women. Perry (2002) studied the use and extent of planning in small business and found that men were more likely than women to plan and to engage in more substantive planning. However, these differences were not statistically significant and Perry (2002) concluded that gender was “largely unrelated to the extent and use of planning” (p.422) in small enterprises. Finally, Sonfield, Lussier, Corman and McKinney (2001), when examining the comparative preference of men and women small business owner-managers for different business strategies, found no gender effects in the choice of business strategies used by men and women (e.g., high innovation/low risk, high innovation/high risk, low innovation/high risk, low innovation/low risk).
Overall, there exists a substantive deficit in understanding the characteristics of women’s strategic planning. If it is accepted that strategic planning underpins much of a business’s success, then understanding if there are gender differences could be critical. Given that Australian businesses owned by women is consistently around 1/3 of all businesses (Australian Bureau of Statistics 2005), they represent a significant business cohort. However women owned and operated businesses may be held back from achieving their full growth and performance potentials, and their survival will be placed at risk if women owner-managers do not strategically plan. The aim of this study was to identify whether women owners of small businesses did strategically plan, and to what extent.

**Methodology**

*Design and Sample*

The study featured a cross-sectional survey of small businesses operating in the state of Western Australia. A purposive list of 1,600 small businesses – defined in the study as businesses with less than 20 employees (Australian Bureau of Statistics 2005) – was compiled from the White Pages telephone directory, WA Department of Industry and Resources business directory and various local proprietary directories. Letters of introduction and self-administered questionnaires were posted to all businesses on the list. Participation was voluntary and anonymous.

Questionnaires were designed to collect general information on the characteristics of owner-managers and their businesses, and the types of planning activities undertaken in those businesses (e.g., business, marketing, cash flow plans) and extent (e.g., level of formality, planning horizon, regularity of review). A simple multiple-choice answer format was used for the majority of questions.

*Data Analysis*

Multiple response procedures were used for the descriptive analyses reported in this paper while chi-square tests of independence were used for primary analyses. Both were selected based on the categorical level data collected through the predominant use of a multi-choice answer format (Argyrous 2000; Field 2000). Gender differences (male versus female) were of primary interest in all analyses of planning activities. However, respondents’ age (categorised into: those 50 years and younger; those
over 50 years) and education level (categorised into: those with secondary school qualifications or less; those with trade certifications; those with tertiary qualifications) were also included as covariates in analyses of gender effects.

Results

A total of 486 usable questionnaires were returned, representing a response rate of 30%. Of this, 58% were from male and 42% were from female owner-managers.

Non-response bias was investigated by comparing ‘early’ and ‘late’ return respondents on relevant demographic variables. This approach assumes that ‘late’ return respondents are characteristically similar to non-respondents (French, Kelly & Harrison 2004). No significant differences were found between the two groups in the present study.

Planning Activity

Planning activity was investigated by asking respondents whether they engaged in one or more of the following: business planning, marketing planning and/or cash flow planning. Table 1 presents multiple response results by gender. From Table 1, men and women showed similar propensities towards planning – approximately 60% of both men and women owner-managers reported that they had one or more types of plans for their businesses while about 40% did not have any.

<table>
<thead>
<tr>
<th>Planning Activities by Gender</th>
<th>Gender</th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td></td>
</tr>
<tr>
<td>- Yes</td>
<td>495</td>
<td>346</td>
<td>841</td>
</tr>
<tr>
<td>% within Gender</td>
<td>60</td>
<td>59</td>
<td>60</td>
</tr>
<tr>
<td>% of Total</td>
<td>35</td>
<td>25</td>
<td>60</td>
</tr>
<tr>
<td>- No</td>
<td>329</td>
<td>243</td>
<td>572</td>
</tr>
<tr>
<td>% within Gender</td>
<td>40</td>
<td>41</td>
<td>40</td>
</tr>
<tr>
<td>% of Total</td>
<td>23</td>
<td>17</td>
<td>40</td>
</tr>
<tr>
<td>Total</td>
<td>824</td>
<td>589</td>
<td>1413</td>
</tr>
<tr>
<td>% of Total</td>
<td>58</td>
<td>42</td>
<td>100</td>
</tr>
</tbody>
</table>

Percentages (rounded to whole numbers) and totals based on multiple responses

Chi-square tests were performed to explore gender differences in relation to each type of planning use. Results for men and women were similar with approximately
two-thirds (66%) of both engaging in business planning, 53% of both engaging in marketing planning and 59% of both engaging in cash flow planning. Overall, no statistically significant differences were found in men and women's likelihood to engage in each of business planning ($\chi^2 = .03, df = 1, p > .05$), marketing planning ($\chi^2 = .08, df = 1, p > .05$) and cash flow planning ($\chi^2 = .56, df = 1, p > .05$). The inclusion of age and education levels with gender was similarly non-significant.

Planning Formality
Planning formality was investigated by asking respondents whether those plans identified in the previous section were formally written out or whether they were not written out ('in my head'). Table 2 presents multiple response results by gender. The table shows a small difference between men (45% written vs. 55% not written) and women (50% written vs. 50% not written).

Chi-square tests were performed to explore gender differences in relation to the formality of each type of plan. In general, women were more likely than men to have written business plans (53% vs. 48%), marketing plans (42% vs. 37%) and cash flow plans (54% vs. 51%). However, these differences were not statistically significant (business plans: $\chi^2 = .98, df = 1, p > .05$; marketing plans: $\chi^2 = .99, df = 1, p > .05$; cash flow plans: $\chi^2 = .28, df = 1, p > .05$). The inclusion of age and education levels with gender was non-significant.

<table>
<thead>
<tr>
<th>Table 2</th>
<th>Planning Formality by Gender</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Formality</strong></td>
<td>Gender</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>- Written Out</td>
<td>Count</td>
</tr>
<tr>
<td></td>
<td>% within Gender</td>
</tr>
<tr>
<td></td>
<td>% of Total</td>
</tr>
<tr>
<td>- Not Written Out</td>
<td>Count</td>
</tr>
<tr>
<td></td>
<td>% within Gender</td>
</tr>
<tr>
<td></td>
<td>% of Total</td>
</tr>
<tr>
<td>Total</td>
<td>Count</td>
</tr>
<tr>
<td></td>
<td>% of Total</td>
</tr>
</tbody>
</table>

Percentages (rounded to whole numbers) and totals based on multiple responses
Planning Horizon

The length of time that business owners thought ahead was referred to as their planning horizon, and was investigated by asking respondents whether their plans were typically short-time only (covers period ≤ 12 months), long-term only (covers period > 12 months) or both short- and long- term. Table 3 presents multiple response results by gender.

Generally, the table shows that men and women owner-managers had similar planning horizons – approximately 40% of both had plans that were short-term only, 13% of men and 8% of women had plans that were long-term only, and just under 50% of both had short and long term planning.

<table>
<thead>
<tr>
<th>Planning Horizon</th>
<th>Gender</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>- Short-term Only</td>
<td>Count</td>
<td>282</td>
<td>206</td>
<td>488</td>
</tr>
<tr>
<td></td>
<td>% within Gender</td>
<td>39</td>
<td>42</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>% of Total</td>
<td>23</td>
<td>17</td>
<td>40</td>
</tr>
<tr>
<td>- Long-term Only</td>
<td>Count</td>
<td>98</td>
<td>40</td>
<td>138</td>
</tr>
<tr>
<td></td>
<td>% within Gender</td>
<td>13</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>% of Total</td>
<td>8</td>
<td>3</td>
<td>11</td>
</tr>
<tr>
<td>- Short &amp; Long Term</td>
<td>Count</td>
<td>344</td>
<td>240</td>
<td>584</td>
</tr>
<tr>
<td></td>
<td>% within Gender</td>
<td>48</td>
<td>49</td>
<td>48</td>
</tr>
<tr>
<td></td>
<td>% of Total</td>
<td>28</td>
<td>20</td>
<td>48</td>
</tr>
<tr>
<td>Total</td>
<td>Count</td>
<td>724</td>
<td>486</td>
<td>1210</td>
</tr>
<tr>
<td></td>
<td>% of Total</td>
<td>60</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Percentages (rounded to whole numbers) and totals based on multiple responses

Again, chi-square tests were performed to explore gender differences in relation to the planning horizon for each type of plan. Generally, there were little differences in planning horizons attributable to gender. Almost half of all men and women produced both short and long term business (52% vs. 56% respectively), marketing (45% vs. 46%) and cash flow (44% and 46%) plans. Of those that produced only short or long term plans, women were more likely to be in the former while men were more likely to be in the latter group for each type of planning investigated. Even so, no statistically significant differences were found overall for planning horizons by gender (business plans: $\chi^2 = 4.16$, df = 2, $p > .05$); marketing plans: $\chi^2 = 1.13$, df = 2,
p > .05; cash flow plans: \( \chi^2 = 3.61, \text{df} = 2, p > .05 \). The inclusion of age and education levels with gender was similarly non-significant.

Planning Review

This item referred to the extent that plans were revised and was investigated by asking respondents whether their plans were revised frequently (at least every 6-12 months), regularly (at least every 1-2 years) or seldom (longer than 2 years). Table 4 presents multiple response results by gender. The table shows that responses were similar for men and women – approximately 60% of both revised their plans frequently, about a quarter of both revised their plans regularly while less than 10% seldom did so.

<table>
<thead>
<tr>
<th>Planning Review</th>
<th>Gender</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Frequently</td>
<td>Count</td>
<td>419</td>
<td>299</td>
<td>718</td>
</tr>
<tr>
<td>- % within Gender</td>
<td>58</td>
<td>61</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- % of Total</td>
<td>35</td>
<td>25</td>
<td>59</td>
<td></td>
</tr>
<tr>
<td>- Regularly</td>
<td>Count</td>
<td>186</td>
<td>122</td>
<td>308</td>
</tr>
<tr>
<td>- % within Gender</td>
<td>26</td>
<td>25</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- % of Total</td>
<td>15</td>
<td>10</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>- Seldom</td>
<td>Count</td>
<td>117</td>
<td>70</td>
<td>187</td>
</tr>
<tr>
<td>- % within Gender</td>
<td>16</td>
<td>14</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- % of Total</td>
<td>10</td>
<td>6</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>Count</td>
<td>722</td>
<td>491</td>
<td>1213</td>
</tr>
<tr>
<td>- % of Total</td>
<td>60</td>
<td>40</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Percentages (rounded to whole numbers) and totals based on multiple responses

Chi-square tests were performed to explore gender differences in relation to the frequency of review for each type of planning. Overall, men and women were similar in their frequency of planning reviews with more than 80% of both either frequently or regularly revising their business (82% vs. 84%), marketing (84% vs. 86%) and cash flow (86% vs. 88%) plans. Expectedly, no statistically significant differences were found for the frequency of planning reviews by gender (business plans: \( \chi^2 = .68, \text{df} = 2, p > .05 \); marketing plans: \( \chi^2 = .72, \text{df} = 2, p > .05 \); cash flow plans: \( \chi^2 = .124, \text{df} = 2, p > .05 \)). Including age and education levels in the analyses had no effect on significance.
Discussion

Male and female owner-managers did not differ significantly in their propensity to engage in business, marketing and cash flow planning. Neither did they differ significantly with respect to the formality, time horizon and frequency of review of their planning. Although research into gender differences in strategic planning has been limited, extant results broadly support our findings that gender is largely unrelated to small business planning.

Even so, this outcome is surprising given that the gender literature in the small business area often report significant differences between men and women in terms of entrepreneurial ability (Cowling & Taylor 2001), leadership or management style (Carter, Williams, & Reynolds, 1997), decision-making (Chaganti 1986), risk preference (Powell & Ansic 1997) and motivation for being in business (Buttner & Moore 1997). These personal trait differences translate into observable operational differences in businesses run by men and women. For example, operational differences have been noted in relation to human resource management (Verheul, Risseeuw, & Bartelse 2002), competitive strategy (Carter, Williams & Reynolds 1997), export orientation (Du Rietz & Henrekson 2000) and the pursuit of growth (Zinger, LeBrasseur, Riverin & Robichaud 2005). Intuitively, it is logical to also expect significant differences in the planning activities of men and women, for example, in the use of different types of planning and the extent of involvement in the overall planning process since these form part of a business’s operational task.

Given that gender appears to be unrelated to business planning activities, the pertinent question to ask is ‘why are there no differences?’. A possible explanation may be the changing dynamic of small business ownership for women. For women, ‘going into business’ as a serious employment option has been a fairly recent phenomenon. Traditionally, this pathway was reserved for men in trade and professional services who typically served an apprenticeship and then started a business based on the skills learnt. While women often participated in business, for example with their partners or family, they were often the ‘invisible’ or ‘silent’ partner (Mulholland 1997; Rowe & Hong 2000). In the last decade or so however, there has been a surge in the growth of women in small business as owner-managers
in their own right. This has been seen in Australia where women make up 32% of small business operators (Australian Bureau of Statistics 2005). While many women still start their own businesses due to the need to balance work and family, they are nevertheless interested in the financial rewards that business ownership can bring. Given that strategic planning is a vital part of business success, it is therefore reasonable that women, like men, would engage in planning for their business.

Accepting that women are going into business ownership in a serious and systematic way, and are demonstrating their propensity to strategically plan (a skill that is consistent with business success), the real question then is why are there so few ‘successful’ women business owners compared to their male counterparts? Is it perhaps that women have less desire to achieve the traditional business success, as defined by financial reward, which is the traditional avenue and demonstrable badge of business success? If so, then success is not simply gained by the ability to strategically plan, something that has just been demonstrated that women can and do actively engage in. Rather the successful business person today is defined as being an extremely determined, business focused individual, to the exclusion of other periphery issues such as family and the wider community.

Given that women still have the primary responsibility of family rearing, perhaps focusing primarily on business to attain significant financial rewards is neither an option nor a desire for most business women. Therefore it is not that women cannot gain financial success, rather they may not have the same desire as men to do so.

Summary

This paper presented findings in relation to gender differences in small business strategic planning. While there exists a paucity of research in this area, extant literature on trait differences typically suggest that men and women have operationally different styles of managing their businesses. Results of this study showed that in relation to business planning activities, gender was an unrelated factor in the extent and use of planning in small business. In particular, no differences were found in relation to the types of planning engaged in by both men and women.
owner-managers. Similarly, there were no differences in relation to the formality of their respective planning processes, in the timeframes that both genders planned ahead, nor in the frequency in which plans were reviewed or revised.
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Notes

i. This is an updated and summarised version of a longer article appearing in *Gender, Work and Organization*, 2006, March (13) 3: 129-151.

ii. This figure was derived from the employer’s copy of forms submitted for government compensation for time work time lost due to injuries sustained at the workplace. The number of injuries is actually much higher as the majority of injuries do not qualify for compensation and forms are not completed.

iii. Seventy nine per cent of perpetrators were male and twenty one per cent were female compared to a client population that is sixty per cent male and forty per cent female.

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5 *Educational Statistics from the 2001* Census of Dept. of Education, Ministry of Home Affairs, GOI.
11 ChenMay Yee, “High tech Lift for India’s Women”, The Wall Street Journal, November 1, 2000
12 Dr M Suriya (2003), Gender Based Digital Divide in the IT Sector in India, Anamalai University, p 7.
13 Ibid pp58-68