

# The paradox of the contented female business owner <sup>☆</sup>

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## Abstract

According to survey responses from 201 business owners, although the firms of male business owners were more successful than those of female business owners on frequently used measures of business success (business performance compared to competitors and sales), business owner sex did not predict satisfaction with business success, supporting the existence of a “paradox of the contented female business owner”. A differential values explanation for this paradox was strongly supported, whereas a differential inputs explanation was unsupported. Female business owners placed less value on achieving business success than their male counterparts. Also, female business owners’ satisfaction with business success was less related to fluctuations in business performance and sales than that of male business owners. However, results for male business owners displayed a different kind of paradox, as their satisfaction with business success was positively related to business performance and negatively related to sales.

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## 1. Introduction

Business ownership as a career offers a degree of autonomy, self-fulfillment and independence that few other careers can provide. Business owners are able to create organizations that uniquely meet their needs, allowing them to pursue personally defined goals and strategies (Bird & Brush, 2002). This flexibility and control may explain the significant increase in women-owned businesses (Morris, Miyasaki, Watters, & Coombes, 2006). Around the globe, women own 25% of all businesses in advanced market economies and the number of women-owned businesses in Eastern Europe, Africa, Asia, and Latin America is growing (Jalbert, 2000). Women-owned businesses now make up approximately 40% of all businesses in the U.S. (DeMartino & Barbatto, 2003). As a result, female business owners are increasingly important contributors to their country’s level of entrepreneurial activity and economic growth (Brush, Carter, Gatewood, Greene, & Hart, 2006).

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Despite the increasing number of women-owned businesses, such businesses are less successful than those owned by men by objective measures of business success (Loscocco, Robinson, Hall, & Allen, 1991; Welter, Smallbone, & Isakova, 2006). Women-owned businesses tend to have lower sales, slower growth, and lower profits than men-owned businesses (Brush et al., 2006). However, limited research evidence suggests that female business owners are no less satisfied with their careers as business owners than their male counterparts (Cooper & Artz, 1995; Parasuraman, Purohit, Godshalk, & Beutell, 1996). Why would business owners with lower sales and performance *not* be less satisfied with their businesses? This question lies at the heart of what may be called “the paradox of the contented female business owner”.

Crosby (1982, p. 7) coined the term “the paradox of the contented female worker” to refer to the phenomenon that women express no more dissatisfaction with their jobs than men despite the fact that they hold jobs with less pay and authority. This set of relationships represents a paradox if job characteristics such as pay and authority are assumed to be normally related to job satisfaction (Phelan, 1994). Crosby (1982) concluded that working men and women experience similarly high levels of job satisfaction because they perceive little discrepancy between what they obtain from their jobs and what they feel entitled to obtain. Since her groundbreaking study, further evidence has supported the applicability of the paradox to diverse occupational groups such as lawyers (Hull, 1999), human service workers (Buchanan, 2005), hospitality managers (Iverson, 2000), and Protestant clergy (McDuff, 2001) and to part-time MBA students (Keaveny & Inderrieden, 2000) and mid-career workers (Hodson, 1989) employed in full-time jobs across occupations. There has been a call for research to investigate the paradox in settings where relatively less objective inequality should exist (Buchanan, 2005). Our study responds to this call by investigating whether such a paradox exists for business owners and, if so, the merits of alternative explanations for it.

The position of female business owners in the workplace is very different from the more traditional position of the female worker. Compared with female employees of firms owned by others, female business owners have greater freedom to create work environments that are consistent with their goals and values and greater opportunity for financial independence, autonomy, flexibility, achievement, and the challenge of making it on their own (Bird & Brush, 2002; Buttner & Moore, 1997; DeMartino & Barbato, 2003; Mattis, 2005). Moreover, the values and expectations that women bring to their careers as business owners tend to differ from those of male business owners (Bird & Brush, 2002; Moore, 1999). Female business owners have stronger self-imposed barriers to growth (Cliff, 1998; de Bruin, Brush, & Welter, 2007; Morris et al., 2006), lower expectations for success (Wilson, Kickul, & Marlino, 2007), greater interest in pursuing entrepreneurship as a means of balancing work and family rather than as a means of achieving financial success (Brush, 1992; DeMartino & Barbato, 2003; Kepler & Shane, 2007), and higher aversion towards risk (Morris et al., 2006) than male business owners. Also, female business owners are commonly portrayed as possessing less human capital than their male counterparts, e.g., by having less industry experience and devoting less time to their businesses (Brush, 1992; Kepler & Shane, 2007). Such differences between female and male business owners could contribute to the existence of the paradox of the contented female business owner.

This study contributes to the literature on business ownership as a career in several ways. First, it contributes to our understanding of the paradox of the contented female worker by examining its existence and alternative explanations for it in a population in which gender inequalities and experiences with gender discrimination may be limited. Specifically, our sample of business owners was drawn from a university alumni database, resulting in a highly educated sample and therefore fostering more stringent conditions for testing the paradox. Second, this study increases our understanding of the factors that influence the extent to which business success fosters satisfaction for male as well as female business owners. Third, from a training perspective, knowledge of the conditions under which the paradox applies to business owners may be incorporated into gender-sensitive training programs for prospective and existing business owners (Wilson et al., 2007). Further, the satisfaction of female business owners in particular has broad societal implications. Female business owners' satisfaction with the success of their businesses may influence their decisions about whether to continue along this career path as well as their investment decisions if they carry on (Cooper & Artz, 1995); such decisions influence the extent to which female business owners as a group act as a driver of economic growth (Brush et al., 2006).

In this article, we first examine whether the paradox of the contented female business owner exists and then evaluate the merits of alternative explanations for it. Drawing from research on the paradox of the

contented female worker as well as studies of female business owners, we focus on two possible explanations, the differential inputs perspective and the differential values perspective. These explanations seem most applicable to the entrepreneurial context given that researchers have argued that female business owners may be less successful than male business owners because they possess less business-relevant inputs (Cliff, 1998; Menzies, Diochon, & Gasse, 2004) and their personal values are quite different (Bird & Brush, 2002; Brush, 1992).

## 2. Theory and hypotheses

### 2.1. Existence of paradox

Economic criteria are often considered the most appropriate measures of business success (Walker & Brown, 2004), with size and growth typically used as indicators (Venkatraman & Ramanujam, 1986). As Cooper and Artz (1995, p. 441) argued, “We would, of course, expect that the satisfaction of individual entrepreneurs would be highly correlated with the economic performance of their ventures. Thus, those who do better should feel better”. This argument does not appear to apply to female business owners. Women-owned firms tend to be smaller in size on the basis of gross revenues, net income, and number of employees and tend to grow more slowly than men-owned businesses (Brush et al., 2006; Cliff, 1998; Morris et al., 2006). However, using different measures of entrepreneurial satisfaction, both Cooper and Artz (1995) and Parasuraman et al. (1996) found that business owner sex failed to predict satisfaction at the .05 level of significance. Overall, findings suggest that the paradox of the contented female worker may be extended to female business owners.

*Hypothesis 1a:* Business owner sex predicts business success, such that the firms of male business owners are more successful than those of female business owners.

*Hypothesis 1b:* Business owner sex does not predict satisfaction with business success.

### 2.2. Differential inputs perspective

One explanation posed for the paradox of the contented female worker focuses on the role of job inputs such as education, job tenure, and hours worked. Female workers may be as satisfied as male workers despite experiencing less career success because they view their degree of career success as consistent with their job inputs (Buchanan, 2005; Phelan, 1994). According to equity theory (Adams, 1965), individuals believe that a situation is equitable when the ratio of their outcomes to inputs is the same as the outcome/input ratio of a comparison other. Thus, if women’s lower level of career rewards is proportional to their lower level of career inputs, then women would perceive their lower rewards as equitable and their satisfaction would not be damaged by feelings of inequity (Phelan, 1994).

A differential inputs perspective may also be applied to the paradox of the contented female business owner. Inputs that the business owner brings to the firm may influence its success. Prior studies have shown that differences in inputs of male and female business owners help to explain the growth limitations and underperformance of female-owned businesses (Menzies et al., 2004). Women business owners invest less time in developing their new businesses and spend less days working in their businesses than do men (Kepler & Shane, 2007). Furthermore, it has been argued that women may have lower expectations for success because they are more strongly influenced than men by any of their entrepreneurial skill deficiencies (Wilson et al., 2007). If female business owners offer lesser amounts of inputs that contribute to business success than male business owners do, they may perceive a relatively lower level of business success as equitable and thereby be as satisfied as male business owners.

*Hypothesis 2a:* Business owner sex predicts inputs to the business, such that male business owners offer greater amounts of inputs than female business owners do.

*Hypothesis 2b:* Business owner inputs predict business success.

### 2.3. Differential values perspective

A second explanation for the paradox of the contented female worker focuses on the role of job values. Female workers may be as satisfied as male workers even when they experience less career success in objective terms because they value such success less than male workers do (Buchanan, 2005; Phelan, 1994). The merits of this explanation may be assessed using two different research approaches. The first approach involves asking workers the extent to which they value job characteristics associated with career success, whereas the second approach involves examining the relationship between these job characteristics and job satisfaction.

When the first research approach is followed, the differential values perspective suggests that female workers value job characteristics associated with objective career success less than male workers do (Phelan, 1994). According to theories of women's careers (Gallos, 1989; Powell & Mainiero, 1992), female workers place less value on achieving career success as assessed by objective measures such as salary, title, and number of levels from the top of the organizational hierarchy than male workers do; instead, they place greater value on subjective measures that incorporate a concern for non-work as well as work life.

When the second research approach is followed, the differential values perspective suggests that job characteristics associated with objective career success have a greater impact on the job satisfaction of men than on the job satisfaction of women (Buchanan, 2005; Phelan, 2004). If female workers' feelings of satisfaction from their jobs are less influenced by the value they place on "getting ahead" in a traditional sense than those of male workers, they may be as satisfied as male workers even when they have achieved less career success according to objective measures (Phelan, 1994). The second research approach provides a more stringent test of the differential values perspective than the first approach; instead of asking workers how important specific job characteristics are to them, it examines the relationship between these job characteristics and job satisfaction to shed light on their predictive power.

The present study extends the differential values perspective to the paradox of the contented female business owner by using both of these research approaches. According to theories of women's entrepreneurial careers (Bird & Brush, 2002; Brush, 1992), female business owners place less emphasis on career satisfiers derived from financial success and business growth than male business owners do (Cliff, 1998; DeMartino & Barbato, 2003). For instance, in regards to motivations for starting a business, women place less importance on making money and achieving recognition than men do (Kepler & Shane, 2007). Thus, female business owners may assign less value to achieving business success in traditional terms than male business owners do. Further, as a manifestation of their values, female business owners' sense of satisfaction derived from the success of their businesses may be less influenced by their firms' business success than that of male business owners. As a result, female business owners may be as satisfied as male business owners even when their businesses are less successful.

*Hypothesis 3a:* Business owner sex predicts the value placed on achieving business success, such that male business owners value the achievement of business success more than female business owners do.

*Hypothesis 3b:* Business owner sex moderates the relationship between business success and business owners' satisfaction with the success of their businesses, such that the relationship is stronger for male business owners than for female business owners.

## 3. Method

### 3.1. Sample

A survey was sent to entrepreneurial alumni of a large U.S. private university. All alumni who reported that they held CEO or top management positions ( $N =$  about 7200) were identified by the university's alumni association. About 1900 of these alumni provided a job title that included the term "owner" or "founder" (e.g., accountant/owner, founder/CEO). Alumni who provided such job titles, about 30% of whom were women, were considered to be business owners and represented the population of the study. Because the purpose of the study was to examine gender-related issues regarding business success and business owner satisfaction, we sought a sample of approximately equal numbers of women and men. Accordingly, we mailed surveys

to all of the female business owners in the population ( $N = 594$ ) and a similar number of male business owners who were randomly selected from the population ( $N = 614$ ).

Of the 1208 surveys distributed, 216 (18%) surveys were returned, 201 of which (93%) were actually from business owners. The sample of 201 business owners was 57% male and 94% Caucasian. There were no significant differences between female and male business owners in the following variables: *nature of ownership*: 57% solely owned their firm, 17% jointly owned it with their spouse, 10% jointly owned it with family members other than their spouse, 14% jointly owned it with non-family members, 2% other; *managerial relationship with the firm*: 94% managed as well as owned the firm; *marital status*: 74% married; *number of children under age 18 and living with them*:  $M = .66$ ; and their firm's *total employees*:  $M = 17.31$ . Female business owners were significantly higher than male business owners in *education*, measured as the highest degree obtained: 1 = lower than undergraduate degree, 2 = undergraduate degree, 3 = graduate degree;  $M = 2.36$  for women vs. 2.18 for men,  $t(199) = -2.07$ ,  $p < .05$ . Female business owners were significantly lower than male business owners on the following variables: *age*:  $M = 48.73$  years for women vs. 52.73 years for men,  $t(199) = 2.62$ ,  $p < .01$ ; *years in current position*:  $M = 13.52$  years for women vs. 18.46 years for men,  $t(199) = 3.57$ ,  $p < .001$ ; and their firm's *years in business*:  $M = 15.57$  years for women vs. 22.10 for men;  $t(199) = 2.76$ ,  $p < .01$ .

There was no significant difference between female and male business owners in *full-time vs. part-time status* according to Devine's (1994) definition of full-time business owners as those who devote 35 or more weekly hours to their business and part-time business owners as those who devote less than 35 weekly hours to their business; 78% were full-time business owners. However, female business owners were significantly lower than male business owners in *weekly hours devoted to the business*:  $M = 43.25$  h for women vs. 50.46 h for men,  $t(199) = 3.26$ ,  $p < .001$ . The industries in which business owners' firms operated were classified as traditional or nontraditional for female business owners according to Anna, Chandler, Jansen, and Mero's (2000) classification. There was no significant difference between female and male business owners in their owning a firm in a *traditional vs. nontraditional industry for female business owners*: 1 = nontraditional, 2 = traditional; 61% traditional,  $\chi^2(1, N = 201) = 1.22$ , *ns*.

### 3.2. Measures

#### 3.2.1. Business success

Two measures were used to assess business success. First, the business's performance over the past three years compared to competitors was assessed by asking business owners to rate six items from Eddleston and Kellermanns' (2007) business performance measure on a 3-point scale (1 = much worse than competitors, 2 = about the same as competitors, 3 = much better than competitors): growth in sales, growth in market share, growth in employees, growth in profitability, profit margin on sales, and the ability to fund growth from profit. These six items were averaged to yield a business performance score, with higher values denoting better performance ( $\alpha = .88$ ). Use of three-year averages was intended to minimize the effect of short-term fluctuations in firm performance (Love, Priem, & Lumpkin, 2002). Subjective comparisons to competitors control for performance differences that may have been due to industry effects; such comparisons have been shown to correlate with objective performance data (Love et al., 2002; Venkatraman & Ramanujam, 1986).

Second, sales were assessed by asking business owners which of six ranges represented their business's sales during the past year (1 = less than \$499,999, 2 = \$500,000 to \$999,999, 3 = \$1,000,000 to \$2,499,999, 4 = \$2,500,000 to \$4,999,999; 5 = \$5,000,000 to \$9,999,999, 6 = \$10,000,000 or more). Sales level is a frequently used criterion for evaluating organizational success (Cliff, 1998).

#### 3.2.2. Satisfaction with business success

The business owner's satisfaction with the success of his/her business was assessed with four items. Business owners were asked to indicate how satisfied they were on a 5-point scale (1 = not at all satisfied, 5 = very satisfied) with three items: earning a lot of money, growing a world-class business, and leading a large, rapidly growing enterprise. The first item was analogous to earning a high salary, which is a frequently used measure of career success. The second and third items represented aspects of business success that are important to growth-oriented entrepreneurs (Brush et al., 2006; Cliff, 1998). In addition, business owners were asked the extent to which they agreed with a fourth item, "I am satisfied with the success of my business", on a 7-point



scale (1 = strongly disagree, 7 = strongly agree); this item, which represented a global assessment of satisfaction with business success, was adapted from an item used to assess perceived career success (Turban & Dougherty, 1994). Because the first three items used a different scale than the fourth item, the four items were standardized and then averaged to yield a satisfaction with business success score ( $\alpha = .79$ ).

### 3.2.3. Value of achieving business success

The value placed by business owners on achieving business success was assessed by adapting the scale for three items that were used to assess satisfaction with business success. Specifically, business owners were asked to rate how important each of the following sources of satisfaction was to them on a 5-point scale (1 = unimportant, 5 = very important): earning a lot of money, growing a world-class business, and leading a large, rapidly growing enterprise. These three items were averaged to yield a value of achieving business success score ( $\alpha = .72$ ).

### 3.2.4. Business owner inputs

Inputs related to the business owner's effort applied to the firm, human capital brought to the firm, and tenure in the present position in the firm were assessed. Effort was measured as the hours per week typically devoted to the business. Education, which was measured as the highest degree obtained, served as a measure of human capital. Tenure in position was measured by the length of service in the current position in the firm.

## 3.3. Control variables

We controlled for three properties of business owners' firms that may have influenced the relationships examined. Because women-owned firms "suffer from liabilities of both smallness and newness" (Loscocco et al., 1991, p. 66) that make it more difficult for them to achieve financial success than men-owned firms, the firm's total number of employees (a measure of "smallness") and the number of years it had been in business (a measure of "newness") were controlled. Further, the industry in which the firm operated may have influenced its opportunities for financial success. Female business owners experience obstacles that are not faced by male business owners in gaining access to start-up, acquisition, and growth capital that may restrict their industry choices to ones that pose lower barriers to entry (Brush, 1997; Brush et al., 2006; Kepler & Shane, 2007). Thus, whether the firm operated in a traditional or nontraditional industry for female business owners (Anna et al., 2000) was also controlled.

## 4. Results

Table 1 reports means, standard deviations, and correlations for the unstandardized variables (except for satisfaction with business success, which was already standardized); all other variables were standardized prior to further analyses. Hierarchical ordinary least squares (OLS) regression analyses were performed to test all hypotheses.

### 4.1. Existence of paradox

Hypothesis 1 proposed that two conditions would be simultaneously met, that (a) business owner sex would predict business success such that the firms of male business owners were more successful than those of female business owners and (b) business owner sex would not predict business owners' satisfaction with the success of their businesses. The ability of business owner sex to predict each measure of business success and satisfaction with business success after control variables were entered into the regression equation was examined. According to regression analyses reported in Table 2, business owner sex explained a unique amount of variance in both business performance over the past three years compared to competitors ( $\Delta R^2 = .03$ ,  $\beta = -.16$ ,  $p < .05$ ) and sales over the past year ( $\Delta R^2 = .02$ ,  $\beta = -.14$ ,  $p < .05$ ); the firms of male business owners were significantly more successful than those of female business owners on both measures of business success. However, according to results of separate regression analyses (not shown), business owner sex did not predict satisfac-

Table 1  
Means, standard deviations, and correlations

Variable	Mean	SD	1	2	3	4	5	6	7	8	9	10
1. Business owner sex	1.43	.50	—									
2. Business performance—past three years compared to competitors	2.13	.50	-.14	—								
3. Sales—past year	2.18	1.48	-.17	.34	—							
4. Satisfaction with business success	.00	.78	-.09	.37	.33	—						
5. Value of achieving business success	3.21	.95	-.20	.27	.36	.22	—					
6. Weekly hours devoted to business	47.41	15.65	-.23	.19	.13	.00	.23	—				
7. Education	2.26	.61	.15	-.12	-.10	-.10	-.29	-.18	—			
8. Years in current position	16.35	9.89	-.25	-.06	.17	.15	-.14	.10	.01	—		
9. Total employees	17.31	36.00	.05	.20	.55	.23	.26	.07	-.12	.07	—	
10. Years in business	19.32	16.80	-.19	.01	.22	.19	-.03	.15	-.04	.61	.10	—
11. Industry	1.61	.49	.08	-.06	-.09	.11	-.12	-.09	-.07	-.07	-.16	.06

Note.  $N = 201$ . Correlations with absolute values of .14 or greater are significant at the .05 level. Means and standard deviations are for the unstandardized variables except for satisfaction with business success. Variables were coded as follows: *business owner sex*: 1 = male, 2 = female; *business performance*: 1 = much worse than competitors, 2 = about the same as competitors, 3 = much better than competitors; *sales*: 1 = less than \$499,999, 2 = \$500,000 to \$999,999, 3 = \$1,000,000 to \$2,499,999, 4 = \$2,500,000 to \$4,999,999; 5 = \$5,000,000 to \$9,999,999, 6 = \$10,000,000 or more; *education*: 1 = lower than undergraduate degree, 2 = undergraduate degree, 3 = graduate degree; *industry*: 1 = nontraditional for female business owners, 2 = traditional for female business owners.

Table 2  
Effect of business owner sex and business owner inputs on business success

	Business success			
	Business performance—past three years compared to competitors		Sales—past year	
	$\beta$	$\Delta R^2$	$\beta$	$\Delta R^2$
Step 1: Control variables		.04		.35**
Total employees	.17*		.56**	
Years in business	.04		.15*	
Industry	-.06		-.01	
Step 2: Business owner sex	-.16*	.03*	-.14*	.02*
Step 3: Business owner inputs		.04		.00
Weekly hours devoted to business	.15		-.01	
Education	-.06		.05	
Years in current position	-.17		-.01	
$R^2$		.11		.37
Adjusted $R^2$		.07		.35
$F$		2.57*		13.32**

Note.  $N = 201$ . Regression coefficients are those associated with the step in which the variables were first entered into the regression equation.

\*  $p < .05$ .

\*\*  $p < .001$ .

tion with business success ( $\Delta R^2 = .00$ ,  $\beta = -.01$ ,  $ns$ ). Thus, Hypotheses 1a and 1b were simultaneously met, supporting the existence of the paradox of the contented female business owner.

#### 4.2. Differential inputs perspective

Hypothesis 2 proposed that two conditions would be simultaneously met, that (a) business owner sex would predict inputs such that male business owners offered greater amounts of inputs than female business owners and (b) business owner inputs would in turn predict business success. Two tests were conducted for each input to assess support for the hypothesis. First, the ability of business owner sex to predict each input after control

variables were entered into the regression equation was examined (results not shown). Consistent with Hypothesis 2a, male business owners devoted a significantly greater number of weekly hours to their business ( $\Delta R^2 = .05$ ,  $\beta = -.23$ ,  $p < .01$ ). However, contrary to Hypothesis 2a, business owner sex did not predict years in current position ( $\Delta R^2 = .01$ ,  $\beta = -.11$ , *ns*). Also, female business owners were significantly more educated than male business owners ( $\Delta R^2 = .04$ ,  $\beta = .20$ ,  $p < .01$ ) rather than less highly educated as predicted by Hypothesis 2a.

Second, after controlling for firm characteristics and business owner sex, the ability of each input to predict each measure of business success was examined (Table 2). Contrary to Hypothesis 2b, the set of business owner inputs did not explain unique variance in either business performance ( $\Delta R^2 = .04$ , *ns*) or sales ( $\Delta R^2 = .00$ , *ns*). Further, none of the individual inputs—weekly hours devoted to the business, education, or years in current position—predicted either business performance or sales (*ns* in all cases). As a result, Hypotheses 2a and 2b were not simultaneously met for any of the business owner inputs. Thus, the differential inputs perspective received no support as an explanation for the paradox of the contented female business owner.

#### 4.3. Differential values perspective

Hypothesis 3a proposed that business owner sex would predict the value placed on achieving business success such that male business owners would value the achievement of business success more than female business owners. The ability of business owner sex to predict value of achieving business success after control variables were entered into the regression equation was examined (results not shown). Male business owners placed a significantly greater value on achieving business success than female business owners did ( $\Delta R^2 = .06$ ,  $\beta = -.24$ ,  $p < .001$ ). Thus, Hypothesis 3a was supported.

Hypothesis 3b proposed that business owner sex would moderate the relationship between business success and satisfaction with business success such that the relationship would be stronger for male business owners than for female business owners. Results of moderated regression analyses that were conducted to test the hypothesis are reported in Table 3. After the three control variables, two measures of business success, and potential moderator were entered into the regression equation, the set of interaction terms representing the

Table 3  
Moderating effect of business owner sex on relationship between business success and satisfaction with business success

	Satisfaction with business success	
	$\beta$	$\Delta R^2$
Step 1: Control variables		.09**
Total employees	.22**	
Years in business	.13	
Industry	.14	
Step 2: Predictor variables		.10***
Business performance—past three years compared to competitors	.26***	
Sales—past year	.13	
Step 3: Moderator variable		.00
Business owner sex	.04	
Step 4: Interaction terms		.04*
Business owner sex $\times$ business performance—past three years compared to competitors	-.63**	
Business owner sex $\times$ sales—past year	.49*	
$R^2$		.23
Adjusted $R^2$		.19
$F$		5.67***

Note.  $N = 201$ . Regression coefficients are those associated with the step in which the variables were first entered into the regression equation.

\*  $p < .05$ .

\*\*  $p < .01$ .

\*\*\*  $p < .001$ .



product of the potential moderator and each measure of business success explained a significant amount of additional variance in satisfaction with business success ( $\Delta R^2 = .04, p < .05$ ). Further, each interaction term significantly predicted satisfaction with business success ( $\beta = -.63, p < .01$  for business performance;  $\beta = .49, p < .05$  for sales).

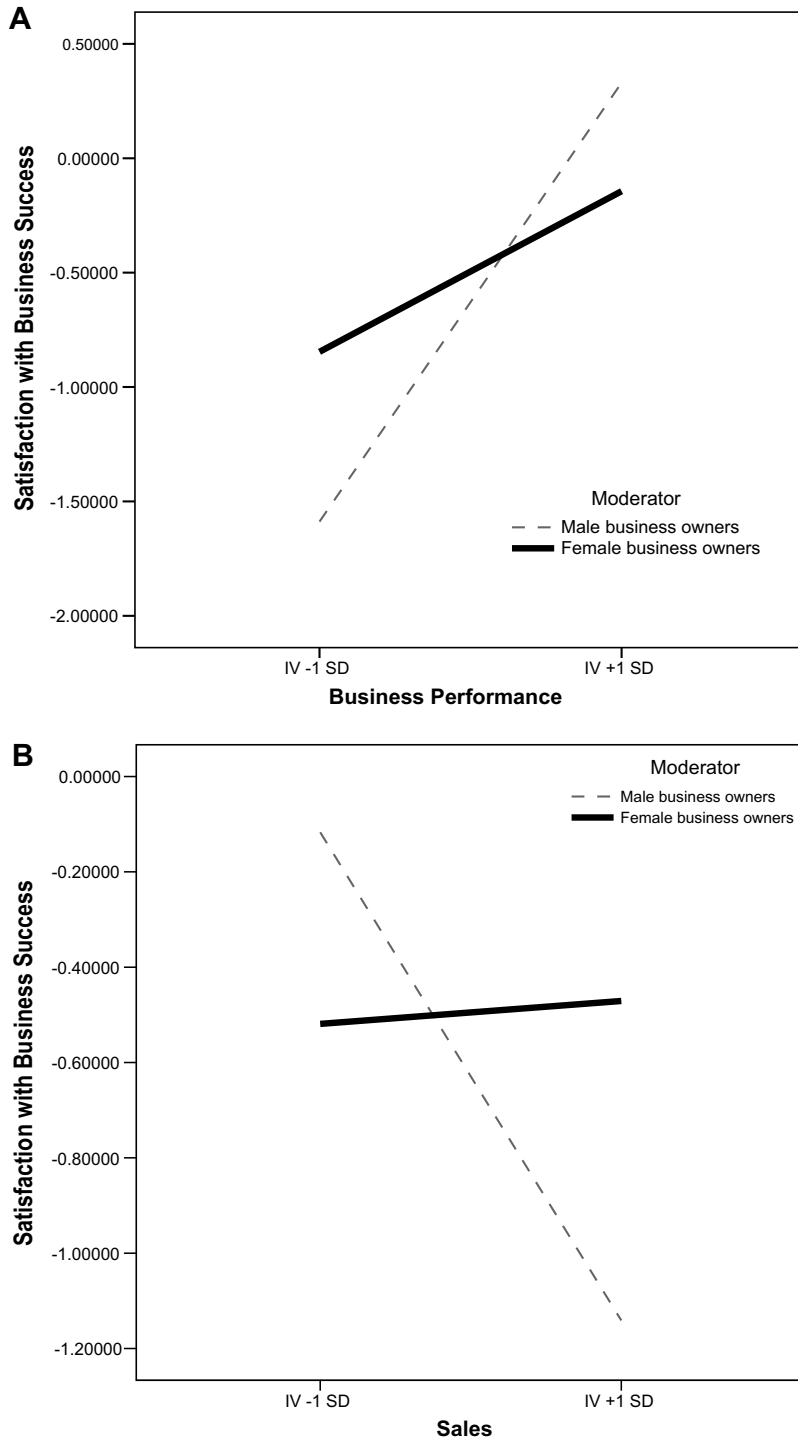


Fig. 1. Relationship between business success and satisfaction with business success. (A) Business performance. (B) Sales.

The plots of the significant interaction effects are shown in Fig. 1. The relationship between satisfaction with business success and each measure of business success, business performance (Fig. 1A) and sales (Fig. 1B), was stronger (i.e., had a steeper slope in the figure) for male business owners than for female business owners. Thus, Hypothesis 3b was supported. Female business owners' feelings of satisfaction with the success of their businesses were less sensitive to fluctuations in business performance or sales than those of male business owners. For male business owners, the relationship between business performance and satisfaction with business success was in the expected direction: The higher the business performance, the *more* satisfied the male business owner. However, the relationship between sales and satisfaction with business success for male business owners was in the opposite direction: The higher the sales, the *less* satisfied the male business owner. Overall, these findings provide support for the differential values perspective as an explanation for the paradox of the contented female business owner.

## 5. Discussion

Responses to a survey from 201 business owners provided support for the existence of the paradox of the contented female business owner. Despite their businesses' experiencing lower levels of business performance and sales, female business owners were found to be as satisfied with the success of their businesses as their male counterparts. Two explanations for this paradox were proposed and tested. A differential inputs explanation for the paradox received no support. In contrast, a differential values explanation for the paradox received support from analyses based on two different research approaches. First, female business owners placed significantly less value on achieving business success than male business owners. Second, female business owners' satisfaction with the success of their businesses was significantly less related to both business performance and sales than the satisfaction of male business owners.

The demonstration of support for extending the paradox of the contented female worker to business owners is a unique contribution of the study. Although prior research has documented the lower salaries and career advancement experienced by female employees of firms owned by others compared to male employees of such firms (Crosby, 1982; Phelan, 1994), business owners have different kinds of careers than organizational employees. Business owners of both sexes are highly committed to their organizations, for which they develop strategies and from which they may directly profit (Cooper & Artz, 1995). However, female business owners experience unique obstacles that are not faced by male business owners, e.g., in being taken seriously, handling childcare responsibilities and expenses, and gaining access to capital (Brush, 1997). One way they may adapt to differential obstacles to business success is to downgrade their expectations for what it will take for them to be satisfied, leading to the observed relationships among business owner sex, business success, and satisfaction with business success. Even though female business owners do not face the same constraints as female employees, they may be constrained in other ways that foster the existence of the paradox of the contented female business owner. Thus, our study seems to refute the notion that business ownership as a career is "gender-blind" (Buttner & Moore, 1997, p. 36).

The specific findings pertaining to the merits of alternate explanations for the paradox are also a unique contribution of the study. The strong support for the differential values perspective calls attention to the ways in which business owners' values shape their businesses and are shaped by gender-related considerations. Business owners' values influence the nature of the new businesses they create (Bird & Brush, 2002) as well as the strategies they adopt in operating ongoing businesses. For example, if the business owner especially values the integration of work and non-work life, which has been characterized as a greater concern of women as a group than men (Brush, 1992; Gallos, 1989; Kepler & Shane, 2007; Powell & Mainiero, 1992), the firm may be structured to complement its owner's family orientation by being a home-based or part-time business. These features may lead the firm to be smaller in employees, and thereby exhibit lower business performance and sales as seen in this study (Table 2), than a firm that is intended to be a full-time, off-site business (Bird & Brush, 2002). Further, the firm's owner may de-emphasize objective indicators of business success such as sales in favor of subjective lifestyle considerations (Walker & Brown, 2004).

Thus, traditional measures of business success may not adequately assess the success of women-owned businesses. Ultimately, what we have called the paradox of the contented female business owner may no longer represent a paradox if the definition of business success is extended to include measures that are particularly

valued by women. Further research is needed to test the sensitivity of the paradox to variations in how business success is defined. In addition, longitudinal research that examines the relationship between business owners' motivations for starting businesses with their later definitions of business success will increase our understanding of how business owners of both sexes enact their values through their businesses.

The results regarding men's satisfaction with business success suggest a different kind of paradox. As Fig. 1 indicates, although male business owners' satisfaction was positively related to their business's performance as expected, their satisfaction was *negatively* related to their business's annual sales. What would account for the unexpected relationship between satisfaction with business success and sales for male business owners? In contrast with female entrepreneurs, male entrepreneurs place a high value on wealth creation, i.e., the generation of profits (DeMartino & Barbato, 2003). Thus, male business owners may value the contribution of sales to profits rather than sales as an end in itself. However, men may also expect that higher sales should lead to higher profits; when they own a business with a higher sales volume, they may expect greater rewards in profits to be satisfied with the success of the business. If higher sales do *not* translate into higher profits, male business owners may experience more dissatisfaction than if sales were at a lower level. Indeed, men are more likely than women to expect outcomes in direct proportion to their inputs (Witt & Nye, 1992). Further, in comparison to women, men's greater tendency to exhibit overconfidence in predicting their businesses' success (Koelling, Minniti, & Schade, 2007) and their significantly higher income expectations (Kepler & Shane, 2007) may amplify their desire discrepancies, thereby contributing to dissatisfaction. People with desires out of their reach are more likely to be dissatisfied, whereas people with desires within the limits of what they may reasonably obtain are more likely to be satisfied (Solberg, Diener, Wirtz, Lucas, & Oishi, 2002).

Female business owners are more likely to set business size thresholds beyond which they will not expand (Cliff, 1998) and therefore may be more apt to create businesses that meet their expectations and desires. In addition, as the results suggest, women may be less sensitive than men to the business's sales volume in assessing their satisfaction with business success. Women business owners tend to emphasize the importance of customer loyalty and sales growth, as opposed to achieving personal wealth, when defining business success (Morris et al., 2006). As such, sales levels appear to be viewed differently by male and female business owners. Future research is recommended to test the merits of these speculations by examining the factors that influence male vis-à-vis female business owners' satisfaction with the success of their businesses, particularly the apparent dissatisfaction of men who own businesses with large sales volumes.

Our research has important implications for entrepreneurship practice and education (Wilson et al., 2007). It should not be assumed that all business owners seek to grow their businesses, or that business success necessarily leads to business owner satisfaction. More emphasis seems necessary on helping business owners to understand their own values and how they may best achieve what they value through their businesses. Training should also help business owners to understand the consequences of their actions and to develop realistic expectations for what they will gain from business ownership. Our results suggest that a "one size fits all" approach (Wilson et al., 2007, p. 399) may not always be appropriate; gender-sensitive training may be needed as well. For example, training that helps female business owners to understand the costs and benefits of growing their business and how it may affect their satisfaction (Morris et al., 2006), as well as training that helps male business owners to understand the costs and benefits of owning a business with a large sales volume and how it may affect their satisfaction, would be beneficial.

Limitations of our study should be noted. First, because our research design is cross-sectional, relationships between variables do not necessarily imply causation. Second, because study variables were measured at the same time from the same source, common method variance cannot be ruled out; however, the presence of common method bias does not necessarily affect results or conclusions (Spector, 2006). Third, some of our measures were developed for this specific study, and therefore should be more thoroughly tested in future research. Fourth, we relied on self-reported data to assess business performance. Whereas data on business performance from established sources would have been desirable, such data were not available because the businesses in our sample were not publicly traded.

Finally, there are limitations to our study posed by the nature of our sample. Ninety-four percent of our respondents were Caucasian, which may limit the generalizability of our results to other racial groups. Also, as a result of our sampling a university alumni database, our respondents were more highly educated than the general population of business owners. In our sample, 41% of women and 31% of men had obtained a

graduate degree. In contrast, 11% of women and 17% of men in Devine's (1994) sample drawn from U.S. government population surveys had more than 16 years of education, indicating the likelihood of some graduate work. Further, the proportion of full-time female business owners in our sample, 78%, was higher than the same proportion for Devine's (1994) sample, 60%. However, the support for the paradox of the contented female business owner provided by this study suggests that the paradox of the contented female worker is a robust phenomenon that is applicable to individuals with a high degree of educational attainment and considerable control over their work environments.

In conclusion, relationships among business owner sex, business success, and satisfaction with business success supported the existence of the paradox of the contented female business owner, similar to the phenomenon for female employees of firms owned by others originally identified by Crosby (1982) and supported by subsequent research. Tests of alternative explanations for the paradox suggest that it may be primarily attributable to a difference between male and female business owners' values and the influence of this difference on their satisfaction with the success of their businesses. Further research that explores the antecedents and consequences of this paradox is recommended, with the goal of increasing our knowledge of what it would take for business owners of both sexes to be fully satisfied with the success of their businesses.

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