

Female Entrepreneurs and Credibility: A Qualitative Study on How Female Entrepreneurs Communicate Their Credibility

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ABSTRACT

Past research on female business-owners does not talk about how they communicate their credibility, although an important aspect for any business. This research identifies three perceived barriers of credibility for female entrepreneurs, and six strategies that they use to enhance and communicate their credibility with various publics. This research will benefit research in the future for two reasons, it will assist in gender research and there will be more information on how females perceive, talk about and convey their credibility.

INTRODUCTION

Although women are starting more businesses than any other “demographic group,” previous research on female entrepreneurs is limited (Forgrieve, 2001, p.1C). Since the 1980’s, the amount of research gathered about female entrepreneurs has increased significantly. The majority of this revolves around the lack of venture capital funding (Forgrieve, 2001) and the more familiar phenomenon known as the glass ceiling (Weiler, 2001). The focus of these findings show how financial institutions and corporations perceive self-employed women. However, research is limited on how female business-owners perceive or try to enhance their own credibility.

Therefore, a study investigating female entrepreneurs, their perceptions of credibility, and how they try to enhance and communicate their credibility would be very beneficial not only for gender research, but also for any females who are considering going into business for themselves in the near future. This paper focuses on past research of female entrepreneurs and credibility and discusses the research completed in the spring of 2003, which provides new insight on the relationship between these topics.

Review of the Literature

Female Entrepreneur. The United States Small Business Administration website says, “Entrepreneur comes from the French word, *entreprenre*, and means to undertake” (2002). For the purpose of this study and the subsequent information provided, an entrepreneur will be regarded as someone who owns the majority of business, or more than 50%.

The number of female entrepreneurs is growing dramatically. The Center for Women’s Business Research shows that “over one in 18 adult women in the U.S. is a business owner” (Peacock, 2002). This means that almost 6% of all adult women own and run their own business (Peacock, 2002).

With the growing number of female entrepreneurs, it is important to understand why the increase has occurred. Research shows that 27% of female business owners were “motivated either by barriers to advancement or lack of challenges in current careers” (Weiler, 2001, p. 85). Thus, women are finding that the only way to get the desired satisfaction and to advance to those positions of leadership is by starting their own business. Along with this corporate frustration, women are also being influenced by increased confidence achieved through more education. Of the women who went into business for themselves within the last ten years, 45% of them had at least a bachelor’s degree, as compared to 26% of women who have been in business for twenty years or more (Peacock, 2001).

In 2000, women-owned businesses received only 9% of the United States venture capital funding, which is money available for start-up businesses (Forgrieve, 2001, p. 1C). Likewise, they received just 22% of all small business loans even though they own more than 36% of all businesses (Quick, 1998). This shows that women are starting their businesses with less support.

Research shows that the number of female entrepreneurs has increased due to corporate frustration and increased levels of education. There is also evidence to show that women have a more difficult time being seen as credible among financial institutions, as compared to male entrepreneurs. It is important to take a closer look at credibility and investigate the role it has in business.

Credibility. Martel (1984) says that credibility consists of “perceived trustworthiness, perceived competence, and perceived dynamism” (p. 25). Reinard (1991) adds that credibility is influenced by character and competence.

Based on McCroskey and Teven’s Source Credibility Measure (1999), credibility can be measured in nineteen ways. These range from intelligence and honesty to sensitivity and understanding. Reinard (1991) says that credibility can be enhanced externally and internally. External factors include prestige and expertise. They can be improved through educational background, professional status, intelligence, and dressing appropriately. Internal factors would include confidence and delivery. They can be improved by being organized and prepared. For the purpose of this study, credibility will be referred to as trustworthiness, honesty and intelligence; however, it will remain subjective for the participants in the research.

Research Questions

As with any business, credibility is an important aspect, but it is even more crucial for women business owners when trying to break through the glass-ceiling. In light of the fact that there is limited information on female entrepreneurs and their perceived credibility, the following research questions are posed:

RQ1: How do female entrepreneurs describe their experiences in attempting to be credible as business-owners?

RQ2: What obstacles of credibility do female entrepreneurs identify?

RQ3: What strategies do female entrepreneurs use to enhance their credibility?

METHODS

This study was a qualitative, exploratory study. Babbie says “Exploratory studies are valuable... whenever a researcher is breaking new ground, and they can almost always yield new insights into a topic of research” (1992, p. 91). In order to collect the data, the researcher formed two focus groups made up of female entrepreneurs from various communities. A focus group is a “small group of people selected to discuss a particular topic, which is led by a facilitator” (Reinard, 1991, p. 242). Along with the focus groups, personal interviews were conducted to collect additional data. Due to time constraints of willing community members, emailed responses were also taken into consideration.

Subjects

The participants for this study were selected through nonrandom methods. Nonrandom samples are ones in which not all members of a population have an equal chance of being selected (Reinard, 1991). This method was appropriate because the key element, female entrepreneur, was easily identifiable. The nonrandom tactics I used included a purposive sample, networking, and snowballing. Purposive samples are groups that the researcher has identified as the target group; and once that group has been identified, anyone can volunteer (Reinard, 1991). Personal contacts will also be used to obtain participants. Snowball sampling is where one participant gives you the name of other qualifying individuals. In order to limit the field of female business-owners, I analyzed small business entrepreneurs instead of larger corporation owners.

I was able to get a wide range of experiences and responses from the participants as some had smaller businesses and others a bit larger. Some of the participants had been in businesses for only a few months, while others had been in business for several years. Also, their professions varied across the board, ranging from professional writers to convenience store owners. These differences allowed for a very in-depth study from all perceptions and experiences.

Procedures

First, a list of questions was created and interview times and locations were established. All the questions revolved around how the female entrepreneurs communicate their credibility. Some of the questions included: what obstacles do you face in terms of credibility as a business-owner, what messages have you received that indicate that you are not being seen as credible as your male counterpart, and what do you do to communicate credibility with various publics. Due to work schedules, I tried to schedule the interview times at night or on the weekend. After this was done, I needed to gather participants.

The La Crosse Chamber of Commerce gave me the name of a female business-owner organization in the area, the National Association of Women Business Owners (NAWBO) of La Crosse. I contacted the president of this organization and was invited to attend their monthly meeting, where I was able to explain my research to the entire organization and ask for volunteers for my focus group sessions. It was at this NAWBO meeting that I discovered that there were many people willing to assist me, but very few who had the time to come to a session. I was then

allowed the opportunity to email my monitor's guide to the entire organization in order to gather additional responses. In the end, I had four people in attendance at my focus group session, two emailed responses and one personal interview to represent the La Crosse area women business-owners' point of view.

In Faribault, Minnesota, I used the networking and snowballing methods. Personal acquaintances, who were female entrepreneurs, were asked to participate in the study. Other acquaintances provided lists of people they know who were business owners for me to call. In Faribault, no matter which method used, all potential participants were contacted via telephone, told the purpose of the research, asked if they would like to be a participant, and told of the focus group time. To represent this community's point of view, I received three focus group participants, one typed response and one personal interview.

The day of the focus group sessions, an audio recorder was used to tape the interviews. Once all the participants arrived, introductions were made, a brief explanation of the research was given, and participants were asked to sign consent forms. Then the prepared questions were asked to encourage and direct discussion. When the interview ended, the researcher thanked the participants for their time and dismissed them. As a way of thanking the participants, thank you cards and copies of the final research were sent to all participants.

When I went on location to conduct the personal interviews, I asked the same questions from the monitor's guide. Responses were recorded on paper at the time and I reviewed them afterward to fill in any details that I forgot to write down. Personal interviewees were asked if wished to remain anonymous or if their identity could be revealed in the research.

Data Analysis

After all of the emailed and written responses were collected and the focus group sessions and personal interviews had been completed, I began to analyze the written notes and the audiotapes. Using the Constant Comparative Method, categories and themes began to emerge from the comments received. All the data was converted into the written form was then divided into categories, which were later sub-divided into specific themes.

RESULTS

When participating in the study, women were asked to define credibility. In doing so, they mentioned these characteristics: dependability, honesty, believability, understanding, reliability, competence, openness, ethics, having good values, being fair, having a good reputation, and being taken seriously. For the most part, the women described positive experiences with their current perceived credibility. However, they all also had at least one negative experience with credibility that they shared.

After analyzing the rest of the data collected, the resulting two categories emerged on female entrepreneurs and credibility: Perceived Barriers of Credibility and Strategies to Enhance and Communicate Credibility.

Perceived Barriers of Credibility

There are many barriers that women feel when starting and maintaining a business. Based on the information collected, there are three main barriers that women face in today's society: Old-Fashioned Barriers, Business-Related Barriers, and Perceptions of Knowledge.

Old-Fashioned Barriers. The women in the study agreed that these barriers are ones that have been around for years and are not expected to go away any time soon. They are the ones that history has taught and society has reinforced. For the most part, these barriers are gender related. When asked if they saw an end to these barriers, they said yes but only through time and a gradual change in opinion. The category of Old-Fashioned Barriers can be broken down into three themes: Little Faith in Female Owned Businesses, Less Room for Mistakes, and Women Against Women.

Little Faith in Female Owned Businesses. Many of the women in the study expressed that when they started their business that very few people expected them to survive and "make it". One participant said, "People see you as doomed for failure." Another woman reinforced this idea and said, "People put bets on how long you'll be in business."

Less Room for Mistakes. Female entrepreneurs feel that there is more pressure put on them to "get it right" and show professionalism. One participant said, "If women let their professionalism slide for a moment, they lose all credibility with the customer." Some of the women business-owners used the golfing example. Many men tend to do business on the golf course, where they can get more personal through activity. For women, this would be seen as inappropriate. Instead, some women will conduct business over lunch, where they can maintain their professionalism, appearance and image.

Women Against Women. Ironically, this is a barrier that women business-owners struggle with constantly. In some cases, women do not want to work for women, thus discriminating against each other, not helping to end the gender fight. While in other cases, it is about the “American dream,” of setting their own hours and working for themselves. This is a barrier that requires the effort of all women bonding together to overcome.

Business-Related Barriers. These barriers are related to the actual business females operate. There are differences between running a small, local business and a larger, corporate business. Likewise, there are difficulties when selling nontraditional products or services. The two themes in this category are the Size of the Business and Nontraditional Products or Services.

Size of the Business. It is important for small, local business-owners to know their limits and their capabilities. One participant said it very well, “Never promise something you cannot produce.” The barrier here is the level of competition for smaller businesses. In order to compensate for this, many business-owners said that they had to show their expertise and display better customer service than the larger stores. One participant made the following comment, “Smaller businesses can’t afford to carry the same lines or quantities that the larger businesses do.”

Nontraditional Products or Services. Some women, not all, expressed their troubles trying to market a product or service that was nontraditional to the public. A few participants were even denied financial support because they were told by loan officers that the businesses they were trying to start were not “real” businesses. Marketing more nontraditional businesses to close-minded publics tend to be more challenging.

Perceptions of Knowledge. Female business-owners across the board expressed the challenge of being seen as knowledgeable in their respective professions, regardless of years in business. This barrier is one that requires time and providing evidence in order to overcome. Women shared experiences when they struggled being seen as a knowledgeable source with sales people, customers, and employees. One of the women who participated in my study was unique in the fact that she owned a traditionally male oriented business. She said that she received lots of criticism from all directions. For instance, some of the salesmen on occasion will ask if she needs to go home and consult with her husband about a particular product, assuming a woman would not have knowledge about it.

Strategies to Enhance and Communicate Credibility

All participants were asked how they try to communicate their credibility with various audiences: customers, employees, the community, and other business-owners. As a follow up to the interviews and focus groups, I asked participants what advice they would offer a woman who was considering becoming an entrepreneur. Through the information gathered from the two questions, a list of six categories emerged describing communication strategies used by female business-owners to enhance their credibility. The categories of strategies used by female entrepreneurs to enhance and communicate their credibility include: Communicate Individual Professionalism, Portray a Solid Business Image, Display Expertise, Exceptional Customer Service, Community Support, and Outside Involvement.

Communicate Individual Professionalism. All of the themes under this category have to do with the image a female projects about herself. This is where the participants described the importance of two credibility components, charisma and character. The three themes included in this category include Appropriate Dress, First Impression, and Good Personality.

Appropriate Dress. This is highly important, especially for a younger business-owner. One participant said it well, “Dress appropriate for the situation, your occupation, and your age.” Another business-owner commented the need to “stay professional, but look the ‘type’ of the profession.” Also, younger women should not dress too immature or mature for their age. An immature look will cause the customer to lose all sense of their capabilities. Whereas when a young woman dresses too old for herself, it is noticeable and tacky. “Dress sophisticated, but classy,” are the words from one participant.

First Impression. As a female business-owner, one should convey the best first impression possible. Appearance of the owner is part of the first impression, but there are other aspects that give a first impression of the business as well. For instance, one woman said to, “Always carry business cards with you wherever you go.” While another said, “Have a professional portrait taken and use it on all publicity in order to eliminate uncertainty and apprehension.”

Good Personality. This is where the idea of character comes through in terms of credibility. All the participants in the study expressed the importance of being honest, reliable, sincere, genuine, fair, etc. One woman said, “Integrity is the key to success.” Honesty was a reoccurring trait mentioned by all participants. They talked about the importance of speaking the truth in everything they say and being “open about strengths and weaknesses.”

Having a good personality also refers to having a positive attitude. As one participant said, “With the right attitude you can do everything wrong and still succeed, but with the wrong attitude, you can do everything right and fail.”

Portray a Solid Business Image. *When a community member thinks of a business, most times they think of the actual business establishment and what the business image is, not the image of the business owner. Therefore, this is where the importance of image goes from the individual business owner to the business itself. How much credibility an establishment has is correlated with the type of image it portrays. Participants talked about numerous ways to enhance the business’s image or credibility. The themes for this category are: Be Prepared, Establish a Good Business Reputation, and Build Relationships.*

Be Prepared. Every business needs a business plan. The owner needs to have an idea of where he/she wants the business to be in the future, how he/she is going to get there and be willing to write it down on paper. This includes everything related to the business: financial limitations and expectations, type of business, employee related issues, marketing, selling, overhead, etc. One participant said, “You need to have solid ground work laid” before you even begin to open a business.

Establish a Good Business Reputation. Every business needs a good reputation to be successful. Consistency was one area of importance. Women expressed the importance of keeping “consistent business hours” and being “fair and reasonable with all employees.” One of the focus group participants recommended not changing a business too often because that signals “weakness and instability” to the customers. Another area that was stressed by all participants was to “Never speak badly of another business.” They said that it will always come back to you and it is the worst form of publicity you can do for yourself. One way to build a good reputation with the banks and vendors is to “pay the bills on time.”

Build Relationships. Everyone talked about the value of building relationships with clients, community members and especially other businesses. By networking with other business-owners, more business can be generated for both parties through referrals. If another business refers someone to particular store, the owner of the store and the business is seen as more credible because someone else sees them that way. The women also talked about the importance of using “all of your resources” and “making sure other people know who you are.”

Display Expertise. This strategy highlighted the competence aspect of credibility. The themes of expertise include: Visuals and Product Confidence.

Visuals. This can be anything seen by the eye. For instance, a diploma, a certificate or an award setting in the office or the lobby is a way to show knowledge and skill. Other visuals can consist of actual manifestations like a website, a business building, the products or the literature a business has to offer. When a business displays past work or has a portfolio, these would enhance their credibility. Another visual is the clientele a business has. If the clients are repeat customers or established members of the community, the business will be looked at with more credibility.

Product Confidence. This is how a business-owner displays his/her product or service to the customer. One participant stressed the importance of having “faith in your products.” While another said that product “pride” was the key. One of the focus group participants said that a business-owner who has guarantees to stand behind his/her product or service would gain more credibility. However, another participant said that guarantees are not appropriate in her line of business because each client is different.

Exceptional Customer Service. The women in the study talked extensively about customer service, and how customers should be treated. As stated by one of the participants, “The most important mile in business is the extra mile. It sometimes takes time we don’t think we have, but we always do. It sometimes means going out of our way, but helping someone along the way helps us meet our goals.” One person said that as a business-owner she tries to “make them feel like they’re the only person on earth.” Another said that when dealing with difficult customers who maybe do not deserve the customer service, she believes that “killing ‘em with kindness” is the best way.

Community Support. This is where the strategies of communicating credibility extend outside of the business and into the community. The participants discussed the importance of showing the town or community they live in that they appreciate their business and support the area. Two themes that focus on Community Support are: Other Businesses and Community.

Other Businesses. Along with referrals to customers, business-owners said that doing business with other local businesses was important. One participant said that it was “best to support businesses that support you.” One focus group talked about the importance of buying local. They said, “When you need to buy something, buy it locally in

order to support other small businesses in the community and build working relationships with them.” A motto one participant and her husband practice on a regular basis is just that, even if the prices are higher than going to larger business or chain stores. They do this because they realize the difficulty and struggle small businesses face when competing with the larger stores.

Community. A business can show support in the community through charitable donations, funding of events, or sponsoring activities or individuals. Showing support in the community does not always have to involve the business being right there, visibly seen. Giving something back to the community shows your appreciation for their business. It can also be a way to promote or market your business in a subtle way, or go against you if you neglect the community. One participant knows of a few places that have negative images because they do not give back or show community support.

Outside Involvement. Women business-owners talked about getting involved outside of the business itself. There are two main ways the owner of a business can get involved and still support her business, through Memberships and Volunteering.

Memberships. Numerous women who participated in my study were members of various business organizations, clubs or committees. Either way, being involved on a personal level helped the females to “gain knowledge” about different businesses, set up associations with other community members, which would encourage future referrals, and helped to form bonds with other business-owners. One participant said the following, “People in business are loyal people.” In other words, if done correctly networking can be very successful and powerful.

Volunteering. Many of the women business-owners talked about the fact that it is important to get involved in community organizations, events and activities whenever possible. Unlike giving donations, volunteering allows the business-owner to literally be seen in the community as a participant. People will see that as genuineness and that the owner actually supports the community in which they have a business. Again, this can also be a subtle way of promoting and marketing a business.

DISCUSSION

The results from this research show that every female believes they struggle with some aspects of credibility and have to work harder for their credibility and business success than that of male business-owners. This was evident in their literal comments and how they talked about credibility in general.

Credibility is traditionally defined in terms of three aspects: character, competence, and charisma. When the women in the study were asked to define credibility, they only talked about two of the three areas: character and competence. In doing so, they mentioned things like “honesty”, “dependability”, “respect”, “knowledge of industry”, etc. However, when they were asked to describe strategies they used to communicate their credibility as a business-owner, they talked about all aspects of credibility, including charisma.

There were two main differences between the participants from the different communities. One difference was that members of the smaller community put more focus on character and customer service. They explained that this was because everyone in the town knew them and if they did not have a good character or customer service, everyone would know it, and they would not get business. The ideas of character and customer service were still important to the women who owned businesses in the larger community, but it was not stressed as intensely.

The women from the larger community put more emphasis on *Displaying Expertise* and *Outside Involved* more than the women from the smaller community. The importance of these two strategies for the larger community was due to the fact that they do not know everyone in the community. Thus, building those working relationships was more important. Also, when there are numerous other businesses in one town offering the same products or services, the knowledge you convey and the referrals you get can make a big difference in your level of competitiveness.

It was interesting to look at each category and theme to see if it was gender related. There are many of the categories or themes that are not exclusively female-based strategies for communicating credibility. For instance, *Being Prepared* is not important only for women. This is something that anyone thinking about starting a business needs to consider.

Some of the categories reaffirmed past research. For instance, professional dress is addressed by Richmond and McCroskey when they said “formal attire commands more respect, attention, and cooperation” and gives “higher credibility with others” (2000, p. 41). The idea of dressing classy and according to your age and occupation is also supported by Richmond and McCroskey when they say, “although some clothing may make a woman more attractive, it may not enhance her value in the company” (2000, p. 46).

Wood points out “men and women may be judged differently for enacting the same communication” (2001, p. 255) because others expect them to behave according to gender stereotypes. This supports the idea that women do not see it as appropriate to talk about sports or go for drinks or discuss business over a round of golf. There are gender stereotypes that restrict the type of communication that occurs between women business-owners and their customers.

The information obtained in this study presents the foundation for future research on female entrepreneurs. It would be interesting to perform a comparative study on the female and male business-owners' communication strategies for enhancing credibility. This would bring about valuable information on perceptions and indicate how many of the strategies have relevance for both genders. This research will benefit communication studies research in the future because there will be more information on how females perceive and talk about their credibility among each other and how they try to convey that in various ways, verbally and nonverbally, to different publics.

LIMITATIONS

One limitation of this study was that all of the La Crosse participants were involved in the same business organization, NAWBO. Therefore, the responses collected from the La Crosse community may only reflect those who hold membership in said organization. Also, geographical information will play a role since the responses were only collected from female business-owners in the two cities in two states. For instance, these ideas and themes generated may reflect those of the upper-Midwest, but not of all regions of the United States.

Another big limitation is the fact that my research was not conducted using the same data collecting methods. Some of the answers were by email, others from one-on-one interviews, one through a written response, and others by group focus groups. Answers may have varied solely based on the method used.

For future research on this topic, I would recommend the following improvements. I would suggest contacting business-owners who are not of the same organization(s). I would search out other cities and communities, rather than just La Crosse, Wisconsin and Faribault, Minnesota. I would also attempt to find a consistent way of data collection could be used for all participants. Focus group sessions were ideal because the information gathered during those sessions was more in-depth and elaborate. However, this method was more time consuming for the participants. I would also suggest a comparative study on how both males and females try to enhance and communicate their credibility.

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