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When He *and* She Sell Seashells: Exploring the Relationship Between Management Team Gender-Balance and Small Firm Performance

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Abstract

Small businesses are resource disadvantaged and need to leverage every resource at their disposal. One resource that may exist, but is all too often overlooked, is that of management team gender-balance. Gender-balance represents a resource because of the unique and complementary gender-based differences that exist between men and women. Building on this assumption, it can be hypothesized that firm performance will be highest for organizations that optimize the balance between male and female managers. This article tests this hypothesis and reports results from a study of small retail hardware stores. Compared to stores that were either exclusively or disproportionately single gender-managed, stores characterized by greater management team gender-balance reported superior profitability. This pattern was further supported holding management team size constant for stores with two and three person management teams. After noting several interpretative caveats, this article concludes by reflecting on the research- and practitioner-related implications of these findings.

Key words: Gender, small business, retail

Small businesses are fundamentally resource disadvantaged (Welsh & White, 1981). In the retail sector this resource disparity is particularly evident as 'big box' players increasingly dominate the retail horizon. What are small retailers to do? As Ehrenfeld (1995) notes, many have closed; others stumble on, all too often devolving into some variant of what Meyer and Zucker (1989) call permanent

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failing organizations. However, other small firms have succeeded in creating and leveraging rare and valuable resource combinations that permit them to survive, indeed thrive, alongside much larger rivals.

This paper explores one such 'resource combination', namely, the resource of gender-balanced management, or management teams that include relatively equal proportions of both males and females. To date issues of gender-balance in small business have received relatively little scholarly attention. As Baker, Aldrich and Liou (1997) note, entrepreneurial research on women, and by extension the larger issue of gender interaction, is comparatively underdeveloped. However, given different gender-based characteristics, and the resulting possibility of their interaction generating what Barney (1991) termed "a socially complex resource", this question warrants attention.

The more fundamental question, and the focus of the current research, concerns whether gender-balanced management teams have an appreciable effect on firm performance. This proposition is examined in the context of the resource-disadvantaged world of small retailers attempting to coexist alongside large chain stores. Given the increasing dominance of large retail chains this question is of obvious import to small retailers all too often constrained in their human resource activities (Litz & Stewart, 2000a). Indeed, while generic human resource management theory advises thorough attention to a whole "set of distinct but interrelated activities, functions, and processes that are directed at attracting, developing, and maintaining (or disposing of) a firm's human resources" (Lado & Wilson, 1994, p. 701), the operational reality for most small firms is a world apart. What then is the resource-strapped small player to do? This article does not purport to provide the definitive answer to this question. Rather, we seek to identify one variable that may play a role in small firm sustainability. As with many of the realities of effective competitive conduct, the route involves taking a more strategic view of an existing activity set—in this case the activity of staffing the firm's management team.

Theoretical Framework

Are Men and Women Different? Insights from Gender Research

For decades gender issues went largely unaddressed by social scientists. Indeed, many early studies were "gender neutral", that is, they either did not consider gender as a variable of interest, or simply excluded female subjects from their design. Later studies using male-centric theories and predominantly student-based samples found stereotypical gender differences between the sexes (Kimmel, Pruitt, Magenau, Konar-Goldband & Carnevale, 1980; Berryman-Fink, Brunner & Chandler, 1986; Rosenthal & Hautaluoma, 1987; Korabik, Baril & Watson, 1993).

In management, early field research using managers generated relatively few significant gender-based differences (Chusmir & Mills, 1989; Sorenson, Hawkins & Sorenson, 1995). However, more recent work has observed some interesting patterns relating to leadership orientation and network development. Studies that

attended to gender-based differences found females to be more participative and democratic (Eagly & Johnson, 1990; Edlund, 1992), more people oriented (Kaba-coff, 1998), more likely to use collaboration (Rosenthal, 1998) and inclined to develop relationally richer networks (Brush, 1992). In addition, recent studies have also found women demonstrating a higher preference for using network and team structures (Folker, 1999; Folker & Sorenson, 2000), and a preference for one-to-one interpersonal relationships with their subordinates (Yammarino, Dubinsky, Comer, & Jolson, 1997).

An important next step in gender research was to integrate these differences into a more comprehensive theory of leadership. An early attempt as such integration can be found in Loden's (1985) dual leadership model. Drawing on 250 interviews, Loden proposed a two-dimensional perspective of masculine and feminine leadership. Whereas the masculine model was oriented towards competition, hierarchy, rational problem solving, high control, low emotionality, and a bias for analysis, the feminine model centered on cooperation, team-based accomplishment, intuitive problem-solving, lower levels of control and higher levels of emotionality.

A related question remains unanswered, however. It concerns the extent to which these two different approaches to leadership might in fact be *complementary*, and therefore capable of making distinctive contributions to organizational performance. In order to explore this possibility we turn to recent work on the resource-based-view of the firm.

So They're Different: Resource-Based Implications of Gender Difference

How can one account for inter-firm differences in performance? One answer receiving increasing acceptance in strategic management research builds upon the resource-based-view of the firm (Barney, 1991; Mahoney, 1995; Mueller, 1996; Barney, 2001). According to this perspective, company performance is significantly influenced by the physical, organizational, and human resources available to management. Barney (1991) suggests that differences in inter-firm performance emanate from differences in firm-specific resource endowments. Insofar as the resources available can be combined into market offerings that are comparatively rare, valuable, inimitable, and nonsubstitutable, the firm will prosper. By extension, *sustainable* interfirm performance differences arise from resource configurations not given to easy or complete imitation or substitution. Such difficulties, Barney posits, arise out of the resource's inherent causal ambiguity, unique historical contexts, and social complexity.

This latter characteristic, *social complexity*, is of special significance here. Given the aforementioned body of research supporting the hypothesis of gender differences, it follows that such differences could potentially be a resource given the extent to which each gender contributes different and complementary competencies to the task of management. In the context of the discussion above, such distinctive contributions are readily conceivable; while many males may be predisposed towards leading in ways that emphasize competition, hierarchy, rational

problem-solving, high control, low emotionality, and a bias for analysis, many females may be predisposed conversely to facilitating cooperation, team-based accomplishment, intuitive problem-solving, lower levels of control and high levels of emotionality. Taken together, the combination of these behavioral distinctives suggest a richer repertoire of management skills and competencies leading to enhanced performance. Indeed, Lerner and Almor's (2002) recent study of life-style businesses found entrepreneurs with a wider range of capabilities were more successful than their counterparts with more restricted skill repertoires. In addition these authors also found that management styles that were neither centrist nor participative, but rather flexible and contingent on situational need and opportunity, contributed to business success.

A Hypothesis of Gender-Based Complementarity: 1 + 1 = 3

The preceding discussion suggests a general proposition, namely that each gender contributes differing strengths to the firm, which in combination create a complementary synergy. To paraphrase and extrapolate upon Gilligan's (1982) core metaphor, the "different voices" of men and women may together achieve a unique harmonic interaction otherwise inaccessible. From a resource-based-view of firm performance, this suggests that unique and socially complex synergies may arise from the interaction of males and females that would otherwise not be possible with only single-gender activity. Hence, our study's central hypothesis:

Hypothesis: Firm performance is positively related to more balanced gender representation in firm management.

Methodology

Industry Selection and Identification of Sample

The retail hardware industry (SIC 5251) was chosen for this study for three reasons. First, retail hardware has a long history of fragmented competition (Porter, 1980; Thompson, 1992). Second, this industry has recently witnessed the entry of several large 'big box' players such as *Home Depot*. This competitive interaction, between small incumbents and large entrants, sets the stage for our study – namely, investigating resource combinations that lead to superior performance for resource disadvantaged competitors. In addition, the retail hardware industry's workforce, like other industries, such as the female-dominated sector of physical therapy (Rozier & Hersh-Cochran, 1996), is comparatively gender-dominated, in this case male. This final characteristic is particularly important because it facilitates study of the additive contribution of gender-balance. The sample consisted of 1,169 small hardware stores listed under the Yellow Page category of 'Retail Hardware' in seven major U.S. metropolitan areas: Atlanta (GA), Chicago (IL), Kansas City (MO), Long Island (NY), Miami (FL), Minneapolis-St. Paul (MN) and San Diego (CA).

Research Instrument and Survey Response Rates

An attempt was made to contact each store and ask the owner or manager to participate in a brief qualifying telephone interview and complete a questionnaire that would be mailed to them following the interview. The survey was designed in accordance with *Dillman's Total Design Method* (Dillman, 1978). Both the telephone protocol and mail survey were pre-tested on a separate group of ten hardware trade name franchisees located near Winnipeg, Canada. All but one of the 20 performance data points provided by the pretest group were validated by the members' Canadian headquarters, thus suggesting a high degree of data validity (however, in keeping with the promise of respondent confidentiality, no individual store was identified to the head office representatives).

Of the total sample, 340 stores (29.1%) could not be reached (they had either closed up operations or were too busy to answer our initial telephone call). Just over five percent (62 stores) were mistakenly categorized as retail hardware stores (for example, in one city outlets of the specialty gift retailer *Brookstone* were listed under the Yellow Page category of 'Retail Hardware'). Almost one tenth of the sample (or 110 stores) were in operation and appropriately categorized as retail hardware stores, but nonetheless unwilling to participate in our study.

After sending the mail survey to the 677 (57.9%) stores that were both correctly classified as retail hardware stores and willing to participate in our study, follow-up calls were completed to ensure the survey's timely completion and return. Just over half of the 677 stores (370 stores or 31.6% of the total sample) did not return the survey; however, 307 stores (26.3% of the total sample) did return the completed surveys. In terms of the total sample, the 307 respondents constitute a response rate of just over one in four; in terms of the 787 stores deemed eligible to participate in the study, our respondents represent 39.0%; in terms of the 677 stores that agreed to participate, the 307 responses represent a response rate of 45.3%. 248 questionnaires of the 307 were usable for the purposes of this study. The gender items were added to the survey after the pilot study from which the first approximately 50 respondents were secured.

Operationalization of Variables

One of the critical issues latent in addressing the issue of gender-based synergy concerns the possibility of the performance construct being confounded by gender-specific bias. Alimo-Metcalf (1995) hinted at such a possibility. In her investigation of male and female constructs of leadership she asserted that "identifying the criteria for leadership positions from groups of senior managers, all or most of whom (chances are) are males, may well lead to gender-biased criteria for the subsequent assessment" (1995, p. 7).

However, the possibility of gender bias notwithstanding, we operationalized performance bearing in mind two fundamental retail axioms. First, survival necessitates achieving *some* minimal level of sales volume, and second, that sales volume must in turn generate sufficient income to warrant the establishment's

existence. Building on the first axiom we operationalized performance using the retail industry's standard productivity measure of sales per square foot (Mason, Mayer & Ezell, 1988). Sales and size scales were developed with the help of a retail hardware industry expert who identified appropriate increments for each dimension. By dividing each store's 1994 sales by its reported square footage, we created a measure of sales per square foot. In order to more closely approach a normal distribution we transformed the resulting product logarithmically. In consideration of the second axiom, we included the additional operationalization of net profit margin (copies of the scales used are found in the Appendix).

To reflect the fact that management team gender-balance can be measured by either the intra-organizational proportion (that is, as the percentage of females in management) or within a specific management team size, the dependent variable was operationalized in two different ways. The first focused on *gender proportion* and was derived from Kanter's (1977a) study of the differential experiences of men and women in the corporate arena. According to her research, a critical mass of gender representation is necessary before one sub-group has any discernible effect within the larger group. Accordingly, she proposed (1977b) four theoretical categories for degree of gender-balance: uniform, skewed, tilted, and balanced.

While the *uniform* category is predictably monolithic, the *skewed* group includes between 15 and 20 percent of the minority group. In skewed groups, single individuals, or "tokens", are typically treated as symbols rather than as individuals. However, in *tilted* groups, which contain between 20 and 40 percent of one gender, intra-group dynamics begin to change, with the minority beginning to form coalitions, thereby affecting the larger group's culture. Kanter's fourth and final variant, the *balanced* group, includes at least 40 percent of each gender, which in turn is reflected in the larger group's culture. Using these four categories, we created dummy variables for the skewed, tilted, and balanced groups, using the uniform category as a reference group. The skewed group included all firms where the proportion of one gender was between 15 and 20 percent, the tilted group included all firms where the proportion of one gender was between 20.1 and 40 percent, and the balanced group included all firms where each gender made up between 40.1 and 60 percent of the management team.

The second operationalization of gender-balance came from Simmel's (Wolff, 1950) classic work on the small group dynamics of dyads and triads and focused on the *absolute number* of males and females, respectively, included in the firm's management team. Simmel's work is of particular significance for small human resource-constrained enterprises, which all too often are limited to a two- or three-person management teams. According to Simmel's thesis, the composition of such micro-social units changes the nature of intra-group exchanges as each person's contribution to the whole is more easily manifest. In consideration of Simmel's orientation to dyad and triad composition, firms were identified with two- or three-person management teams and then were further categorized as either single or mixed gender. In the interests of maintaining statistical validity, only

those management team combinations that included at least five firms each were included.

The external environment is a potentially important determinant of firm performance (Porter, 1980). Accordingly, control measures were included for the relative munificence (Castrogiovanni, 1991) of each store's surrounding environment by including measures for both competitor density (operationalized as the number of retail competitors categorizing themselves under the '52' SIC category), and customer affluence (operationalized as median per capita income).

The relevant geographic area for each store was determined during the qualifying telephone interviews by asking respondents to identify the zip codes that comprised the critical mass of their store's trading area. Zip code-specific census data from the most recent U.S. Census (weighted by each zip code's population) were then integrated to generate measures on each of the two dimensions.

Three intraorganizational characteristics were controlled for. As part of the mail survey, each respondent was asked to provide information on their store's respective age (operationalized as number of years in operation) and size (operationalized as square footage). In consideration of the significant involvement in trade name franchise networks in the retail hardware industry (Hardy & Magrath, 1987; Litz & Stewart, 1998), respondents were also asked to indicate whether their store was a member of a buying group.

Findings

Descriptive Profile of Sample and Correlation Matrix of Key Variable Set

The mean age of responding stores was 38 years, with the sample almost equally divided between stores less than 5,000 square feet and those larger than 5,000 square feet. Over 80 percent of the sample reported belonging to a trade-name franchise. A matrix of the variables used in the regression models is found in Table 1, while in Table 2 we report results.

The average number of male managers employed by the responding stores was 2.30; the average number of female managers was 0.47. Using the mean number of female and male managers, the average proportion of female managers in our sample was calculated at 17 percent (that is, $0.47 \div [0.47 + 2.30]$).

Using Kanter's four proportional categories, the sample included 176 uniform firms, where the less-represented gender made up less than 15 percent of the management team; six skewed firms, where the less-represented gender made up between 15 and 20 percent of the management team; 30 tilted firms, where the less-represented gender team made up between 20.1 and 40 percent, and 36 firms, where each gender made up at least 40.1 percent of the management team.

In terms of absolute numbers of males and females included on the management team, the sample included 82 firms with *two* managers (51 with two males, 31 with one female/one male) and 26 firms with *three* managers (9 with three males, 17 with two males/one female). In addition, performance differentials were

Table 1: Correlation Matrix Of Variables

	Mean (s.d.)	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
[1] Volume	0.20 (0.17)	1.000							
[2] Margin	3.76 (1.85)	0.079	1.000						
[3] Firm Size	2.35 (0.695)	-0.399***	-0.124†	1.000					
[4] Firm Age	37.7 (25.2)	0.047	-0.043	-0.036	1.000				
[5] Trade Name	202 (81.5%)	0.025	-0.117†	0.343***	0.036	1.000			
[6] Income	31156 (209522)	0.138†	-0.078	0.066	0.072	0.013	1.000		
[7] Competition	12.9 (9.04)	0.046	-0.148*	0.008	0.008	0.035	-0.021	1.000	
[8] Gender	0.27 (0.45)	0.080	0.124†	-0.031	-0.058	-0.040	0.016	-0.001	1.000

Note: †p < .10 *p < .05 **p < .01 ***p < .001

Table 2: Summary of Regression Analysis Dependent Variable for Models 1 and 3: Performance as Sales Per Square Foot Dependent Variable for Model 2 and 4: Performance as Sales Margin (Standardized Betas Reported with T-Ratio Below)

Variable	Coarse-Grained		Fine-Grained	
	Model 1: Performance as Volume	Model 2: Performance as Profit	Model 3: Performance as Volume	Model 4: Performance as Profit
Organizational control variables				
Size of store	-0.474 (-7.198***)	-0.090 (-1.236)	-0.450 (-7.013***)	-0.080 (-1.148)
Age of store	0.031 (0.499)	-0.030 (-0.441)	0.032 (0.539)	-0.047 (-0.728)
TNF Member (1 = yes: 0 = no)	0.189 (2.882**)	-0.074 (-1.019)	0.138 (2.194*)	-0.072 (-1.057)
Environmental control variables				
Median Income	0.156 (2.516*)	-0.074 (-1.069)	0.150 (2.515*)	-0.089 (-1.375)
Competitor density	0.050 (0.807)	-0.146 (-2.125*)	0.087 (1.454)	-0.155 (-2.383*)
Independent variables				
Management Team Gender (0 = less than 30% Female, 1 = Female at least 30%)	0.065 (1.048)	0.117 (1.706)†		
Skewed Management Team Gender (15–20% of less represented gender)			0.021 (0.349)	-0.031 (-0.464)
Tilted Management Team Gender (20.1–40% of less represented gender)			0.096 (1.583)	-0.004 (-0.062)
Balanced Management Team Gender (40.1– 59.9% for each gender)			0.019 (0.321)	0.147 (2.239*)

(continued on following page)

Table 2: (continued)

Variable	Coarse-Grained		Fine-Grained	
	Model 1: Performance as Volume	Model 2: Performance as Profit	Model 3: Performance as Volume	Model 4: Performance as Profit
Constant	0.316 (6.440***)	5.263 (8.928***)	0.254 (4.212***)	5.698 (5.698***)
R ²	0.224	0.063	0.204	0.083
Adjusted R ²	0.202	0.035	0.176	0.050
df	205	200	229	223
F	9.875***	2.241*	7.331***	2.508*

Note: †p < .10 *p < .05 **p < .01 ***p < .001

also considered within the 99 firms with only *one* manager (87 male, 12 female). A summary of the relative frequency of management teams by size is reported in Table 3.

When He and She Sell Seashells, Do Seashells Sell, and Sell More Profitably? Volume- and Margin-Related Implications

Given the dominance of male-intensive management teams in this industry (as almost two-thirds of the sample employed exclusively male managers), a coarse-grained test was first used to explore the extent to which *any* management team including at least 30 percent female representation might perform relative to the male-only set. Thirty percent was selected as the midpoint of Kanter’s continuum between zero and 60 percent representation. As Model 1 shows, coarse-grained management team gender-balance failed to make a significant contribution to sales volume; however, membership in a trade-name franchise and location in a more affluent trading environment both contributed to superior firm performance (Table 2). Also noteworthy was a negative relationship between store size and sales volume, attributable in large part to the size-sensitive nature of the sales per square foot performance operationalization. In Model 2 neither buying group membership nor resident affluence achieved significance. However, firm profitability was negatively affected by competitor density. In addition, gender achieved significance, thus providing early support for the research hypothesis.

In the second set of models Kanter’s four categories were utilized. As Model 3 reports, a finer-grained measure of gender-balance was not related to sales per

Table 3: Distribution of Firms by Number of Male (Vertical Axis) and Female (Horizontal Axis) Managers (Percent of Total Sample in Parentheses)

	0 Females	1	2	3	4	5 or More	Row Total
0 Males	0.0 (0.0%)	12 (4.8%)	3 (1.2%)	0.0 (0.0%)	0.0 (0.0%)	0.0 (0.0%)	15 (6.0%)
1	87 (35.1%)	31 (12.5%)	3 (1.2%)	0.0 (0.0%)	0.0 (0.0%)	0.0 (0.0%)	121 (48.8%)
2	51 (20.6%)	17 (6.9%)	2 (0.8%)	1 (0.4%)	0.0 (0.0%)	0.0 (0.0%)	71 (28.7%)
3	9 (3.6%)	4 (1.6%)	1 (0.4%)	1 (0.4%)	0.0 (0.0%)	0.0 (0.0%)	15 (6.0%)
4	9 (3.6%)	3 (1.2%)	3 (1.2%)	0.0 (0.0%)	0.0 (0.0%)	0.0 (0.0%)	15 (6.0%)
5 or more	4 (1.6%)	2 (0.8%)	3 (1.2%)	0.0 (0.0%)	1 (0.4%)	1 (0.4%)	11 (4.5%)
Column Total	160 (64.5%)	69 (27.9%)	15 (6.0%)	2 (0.8%)	1 (0.4%)	1 (0.4%)	248 (100%)

square foot; however, the relationship between gender-balance and profitability became clearer, with gender-balanced management teams reporting significantly higher margins than the uniform reference group. In order to probe the nature of this gender-related effect on firm profitability we carried out an analysis of variance across the uniform, skewed, tilted and balanced cells and found balanced teams reporting significantly higher levels of profitability than their three counterparts (Table 4); however, contrary to Kanter's proposition of a graduated effect, no such pattern across the categories was observed.

Holding Management Team Size Constant: Does Gender Mix Still Matter?

Given Simmel's focus on the distinctive dynamics of small groups, one additional analysis was carried out in order to test for management team size-specific effects. As reported in Table 3, the sample included 99 firms with only one manager (87

Table 4: Frequency and Margin-Based Performance of Gender-Proportioned Management Teams

Group (Percentage)	Frequency	Margin
Single (Less than 15%)	176 (71.0%)	3.68
Skewed (15 to 20%)	6 (2.4%)	3.00
Tilted (20 to 40%)	30 (12.1%)	3.56
Balanced (40 to 60%)	36 (14.5%)	4.58

Note: *p = 0.0549

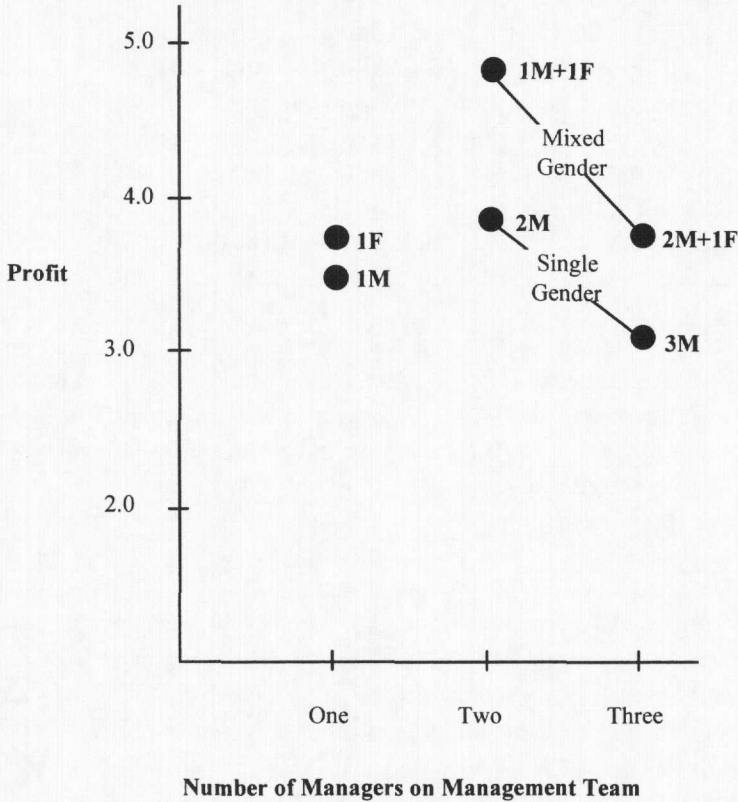
male, 12 female), 82 firms with two managers (51 with two males, 31 with one female/one male) and 26 with three managers (9 with three males, 17 with two males/one female). Using these six cells, differences in profitability were tested for (Table 5 and Exhibit 1).

Exhibit 1 depicts visually the essence of the findings. While single female operators demonstrated marginally better performance than their male counterparts, the key difference occurred within the two and three person management teams. In both cases, management teams characterized by gender-mix achieved superior performance. This finding warrants special emphasis for the purposes of our study of small firms. Simply stated, while gender-balance may not be viable objective for

Table 5: Comparative Performance of Two and Three Management Teams by Gender Mix

	Single Manager		Two Person Management Team		Three Person Management Team		Prob.
	One Male	One Female	Two Males	One Male & One Female	Three Males	Two Males & One Female	
Sales margin	3.49	3.75	3.90	4.90	3.10	3.80	0.018

Exhibit
Comparative Performance of Single and Mixed Gender Management Teams



many resource-strapped small firms, gender *diversity* may be a more attainable goal, and one that shows signs of enhancing small firm profitability.

Discussion

This research seeks to shed new theoretical light on the nature of effective small firm strategy and also to provide helpful insights for practicing managers of small firms. In this article, an attempt has been made to achieve both objectives by exploring the implications of management team gender-balance. By integrating one of the core findings of gender research, with one of the central tenets of the resource-based view of the firm, a positive link between management team gender-balance and firm performance was proposed. As the results attest, this hypothesis finds support in the traditionally male-intensive arena of retail hardware. Whether considered in terms of gender proportion or management team size, a consistent pattern emerges: more balanced representation of both genders in the store management is significantly more likely to generate superior firm profitability. These

results notwithstanding, several caveats warrant mention concerning their generalizability.

Interpretative Caveats: Of Couples, Clans and Contexts

A first limitation arises from the possibility that some of the management teams included in our sample represented married couples. The possibility of such a confounding effect is entirely possible, particularly when one considers that of the four multi-person management teams examined, the most profitable consisted of one male and one female (Exhibit 1). In short, this means that the relationship between management team gender-balance and firm profitability could in fact be better understood as a relationship owing to management team marital status. To date, work in this area has been largely exploratory as exemplified by Marshack's (1994) work on differences between copreneuring and dual-career couples and Hassay and Isotalo's (1998) qualitative study on conjugal sales agents. However, the results suggest further work on this question is warranted.

A second and even more complex social confound that warrants mention concerns the role of intergenerational family involvement. As researchers have noted, family firms are capable of realizing several implicit advantages (Habbershon & Williams, 1999). These emanate from the family firm's commitment to quality due to ties to their family name (Gersick, Davis, Hampton and Lansberg, 1997), their humane treatment of employees, quality of life (McClendon & Kadis, 1991) and community ties (Post, 1993; Dunn, 1996; Litz & Stewart, 2000b). Family firms have also been noted for offering superior customer service (Lyman, 1991), and higher levels of profitability (Daily & Dollinger, 1992, McConaughy, Mendoza, & Mishra, 1996). Building on this body of work, might the relationship observed here be in fact an extension of a family-related effect?

Looking from a more macro level, the results reported here could also be an industry-specific confound. In the spirit of work industry effects, that reports environmental variation typically accounting for between 17 and 20 percent of financial performance (Schmalensee, 1985; Wernerfelt & Montgomery, 1988; Rumelt, 1991; Powell, 1996), management team gender-balance could be similarly context-bound. In the extreme this could mean that inter-gender synergies could be confined to male- or female-dominated contexts, such as hardware or hairstyling, respectively. Support for this gender-based contrast effect also comes from Hall's (2002a & b) recent anecdotal commentary on the rare, valuable and distinctive contributions made by female contractors in the heating, ventilation and air conditioning industry.

With due respect to the aforementioned limitations, these results also point to several important new avenues for gender, entrepreneurship and strategy researchers to consider. At the most basic level, researchers could explore how high-performing gender-balanced firms manage to transcend the stereotypical "battle of the sexes" and create the sorts of productive alliances that appear to be operative among our high-performing firms.

Another issue warranting researcher attention concerns the extent to which the relationship between managerial competence and firm performance is moderated by gender-balance. Hendry's (2002) work on agent incompetence, which he defines as a "deviation between objective and outcome arising from an agent's limited competence to interpret objectives, judge situations, and take appropriate actions" (2002, p. 102), helps map out the terrain for such an investigation. Specifically, does management team gender-balance remedy, or conversely exacerbate, competence-related deficiencies in the areas of interpretation, judgment or action? Does a more gender-balanced work environment permit a more diverse set of perspectives and competencies to be applied and shared between workers, or does it introduce a degree of complexity that unnecessarily complicates the management team's task?

Building on our earlier comment concerning industry-specific effects, future research could also explore the extent to which the patterns observed here are contingent on customer-specific characteristics. For example, Farrant (1990) reports female customers more often showing a preference for female sales representatives. Likewise, in their work on residential real estate industry, Hassay and Isotalo (1998) contemplate the possibility of conjugal sales teams being particularly well suited for serving married customers. In short, looking beyond industry-level issues, is the gender-balance effect reported here contingent on single- or group-customer characteristics? Clearly, the answer to one question only sparks the asking of several more.

Concluding Thoughts

The men and women studied here show that they *can* achieve together what *neither* can achieve apart. Theoretically, these results suggest that extant theories of gender and strategy, and more specifically their interaction, need to be reconsidered to include the possibility of gender interaction as a rare, valuable, inimitable and non-substitutable (Barney, 1991) source of superior firm performance. While the effect may be a function of industry-specific rareness, to the extent gender-balance is experienced by customers (Gale, 1994) as inimitable, non-substitutable, and most importantly valuable, it constitutes a unique route to enhanced performance that warrants consideration in any comprehensive theory of firm performance.

From a managerial perspective, this finding is good news, particularly for those managers involved in resource-constrained firms who need to be aware of any and every possible resource available. The findings are good news because they suggest that small firm performance can be enhanced by intentionally leveraging a small, but still significant, detail that is all too easily overlooked amidst daily business activity. This "detail" involves proactively melding managers' distinctive gender-based characteristics into socially complex capabilities that contribute to the satisfaction of customer need and preference. Paying attention to and leveraging

this potentiality may, therefore, constitute one more important route to small firm prosperity.

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Appendix

**Scales Used in Operationalizing Volume-
and Margin-Oriented Performance**

What were this store's *1994 total sales*? Check the appropriate box.

- less than \$100,000
- between \$100,000 and \$249,999
- between \$250,000 and \$499,999
- between \$500,000 and \$999,999
- between \$1,000,000 and \$4,999,999
- between \$5,000,000 and \$10,000,000
- over \$10,000,000

About how big is the *selling space inside* your store? Please check the appropriate box. (To help you in estimating it, just remember that a 10 foot by 10 foot area is 100 square feet.)

- less than 2,000 square feet
- between 2,000 and 5,000 square feet
- over 5,000 square feet

What was this store's *1994 sales margin after subtracting for cost of goods sold, all operating costs, and taxes*? Check the appropriate box.

- no profits resulted from 1994 sales
- less than 2%
- between 2% and 3.9%
- between 4% and 5.9%
- between 6% and 7.9%
- between 8% and 9.9%
- over 10% or more