

# Social Capital as a Source of Business Advantages for a Woman Entrepreneur in the Context of Small-Size Business

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Received: November 25, 2014 Accepted: December 10, 2014 Online Published: April 30, 2015

doi:10.5539/ass.v11n12p155

URL: <http://dx.doi.org/10.5539/ass.v11n12p155>

## Abstract

Social capital can be defined as the totality of resources by virtue of possessing social ties. Grounded along the previous research, this research examines the relation between the social capital of woman entrepreneurs and their small companies' market performance mediated by competitive advantages. A survey of 257 entrepreneurs who is woman in Korea found that structural social capital and cognitive, social capital positively influence both differentiation advantage and cost advantage. The empirical results also indicate that those advantages affect market performance significantly. However, the impacts of relational social capital are not significant.

The main theoretical contribution of this study is that it confirms the importance of social capital for woman entrepreneurs. It also supports the relevance of social capital in producing competitive advantages which lead to a better market performance. This study provides woman entrepreneurs in SMBs with managerial implications. The result shows that woman entrepreneurs can create business advantage by creating social ties and promoting social capital.

**Keywords:** social capital, competitive advantage, market performance, woman entrepreneurs, SMB

## 1. Introduction

Creating own business has become a popular business trend in Korea. Since the 2000s, economic policies in Korea have refocused their attention from depending on the 'Chabol' to supporting SMEs in order to fortify the source of the national economy's competitive strength and to develop dynamic and creative economy. During the transition, women's role has been noteworthy and the number of woman entrepreneurs has increased.

Women who are vigorously pushing forward small business are a worldwide phenomenon. The pace of new business formation by women has out-paced the rate by men in the most countries already (Minniti & Naude 2010), and the issue of female entrepreneurship continues to draw substantial interest from the government, researcher and academics (Chung et al., 2012).

Nevertheless, today's woman entrepreneurs are facing many troubles in spite of their quantitative growth. They tend to small, weak and are not competitive yet. For example, more than 93% of woman entrepreneurs own small-scale enterprises that hire less than five people in Korea (Lee et al., 2011). The number of failed woman entrepreneurs is also rising quickly.

Thus, interpreting the success factors of woman entrepreneurs becomes a critical academic and managerial issue. The purpose of this study is to investigate the relationships between social capital and market performance to understand woman entrepreneurs working in small business. Understanding the meaning and value of social capital has become a considerably important research issue in social science given social capital's influence on a firm's ability to enhance the marketing capability (Adler & Kwon, 2002), and we believe that the social capital would be more important for woman entrepreneurs than for men counterparts. Some studies viewed gender difference as a key variable that influences entrepreneurship activities. These previous research results found men entrepreneurs have much stronger intentions to start their own business than women counterparts have (Sandra et al., 2006). However, some scholars argued that individual level variables such as gender were insufficient to explain who became an entrepreneur (Chung et al., 2012). A new research topic such as social capital can be a key to understand gender difference when the previous research results fail to reach an accord. .

The rest of this research progresses in the following order: a brief theoretical background of female entrepreneurship and social capital; a review of related literature, which leads to our research model conceptualization; an overview of research methodology and hypothesis of the current study; presentation of research findings, implications, and further research directions.

## 2. Theoretical Background

### 2.1 Rapid Progress of Woman Entrepreneurs

An entrepreneur is often defined as “someone who starts his own small business” (MacMillan Dictionary of Modern Economy, 1999, p. 216), and entrepreneurs are the most important players in the economy. They are creators of new wealth, new jobs and inventors of new products and service (Padma, 2013). As a result, it is very natural that more interests are paid to entrepreneurs and new business creation and recently woman entrepreneurs’ activity to create new business is increasing.

Woman entrepreneurship is a new emerging economic force today. The period of 1975-1990 witnessed a dramatic increase in the number of women who entered self-employment. It was only 25% of self-employed workers in 1975 but the number grew to 30% by 1990 (Budig, 2006). Also the number of women-owned business increased by 42 percent between 1997 and 2006 (Padma, 2013). The welfare resulting from female entrepreneurship is higher than that resulting from the activity of men (Minniti, 2010). Woman entrepreneurs’ presence as policy makers and expanding capacity to serve the global business cannot be ignored.

There are explanations for women who leave the corporate to do new business creation. Fielden et al. (2003) identified a number of the key reasons in determining their decision to leave. According to their research, in general, women workers are not being taken seriously and they consistently encounter a glass ceiling in their promotion and poorer pay. As a result, they see men promoted ahead of them and feel isolated in their corporation. To solve the problem, some of the women workers become entrepreneurs and start their own business. On the motivation study to explain women’s new business creation, Mackay (2001) identifies the main reasons for women to become entrepreneurs as independence, autonomy, job loss and more flexibility giving women more opportunities to spend time together with their family members.

However, the importance of woman entrepreneurs in Korea had not been emphasized before the 1990s. Traditionally, Korean women have existed within the Confucious framework of ‘*Hyunmo Yangcheo*’ ideology which means ‘loving wife and good mother’ in Korean. As a result, Korean women are expected to stay inside their homes traditionally. These low expectations about the societal role of women have kept them in traditional role regardless of rapid social changes and women’s capability to do business. According to Mackie (2003), these traditional roles in Asia nations are changing now. From 1970s to 1990s, Japanese feminist groups worked to reform the practice and Korean women also worked in their ways.

Compared to other Asian women, Korean women have a better position in creating new business. Female entrepreneurs in Korea are usually innovation driven and better educated comparing to other Asian nations (Padma, 2013). In 2001, Korea was ranked to be the higher group of necessity entrepreneurship in Asia and recently, the Korean government and domestic policies show increased attention to encouraging female entrepreneurship. None the less gender discrimination in the business world remains in Korea society, the Korean government and companies support reform to stimulate more woman entrepreneurs.

However, resistance remains for changing the country’s male-dominated business culture and customs. Related entrepreneurship research is a man-oriented activity and woman is still out of concern. Only a limited number of entrepreneurship studies focused on female-owned business (Berg, 1997). Also, As a result, most entrepreneurship theories that have been developed can be named as theories of male entrepreneurship since they are based on studies that excluded women (Budig, 2006).

### 2.2 Characteristics of Woman Entrepreneurs

There has been relatively little research on woman entrepreneurs. One of the reasons for the scarcity of related research is that people believe there is not any actual differences between men and woman entrepreneurs’ activities to be a successful one (Gartner, 2001). However, thanks to an increase in the availability of data and to an improvement in the related research, a significant amount of facts on female entrepreneurs are revealed.

Minniti and Naude (2010) insisted that research on female entrepreneurship has expanded to a variety of disciplines. In the 1970s and 1980s, most of these studies tried to identify the role of gender and focused on who the women entrepreneur was compared to men entrepreneur. In the 1990s, these studies were inspired by feminism and paid more attention to the prominent role of women entrepreneur. At the same time, other studies tried to link female entrepreneurship to the allocation of family resources, marriage and childbearing decision,

self-confidence and poverty in an alternative to the feminist approach (Snyder, 1995; Blau & Kahn, 2007). In the 2000s, research has been conducted on issues related to professional characteristics, motherhood, family position, human capital, and social entrepreneurship (Steward et al., 2003; William, 2004).

The majority of early study tended to find more similarities than differences between men and woman entrepreneurs. According to these studies, both men and woman entrepreneurs often cited reasons such as avoiding low pay, escaping supervision, seeking independence and opportunity as factors driving their motivations to be an entrepreneur (Birley, 1989; Hisrich et al., 1996; Fielden et al., 2003).

However, gender difference becomes a major research topic again. In her book 'Understanding the Gender Gap', Goldin (1990) legitimized the study of women's labor behavior and inspired a significant amount of research on female entrepreneurship. Since then many researchers have studied the gender differences in entrepreneurship. Researchers suggest that there is no direct link between formal education and business success (Stanger et al., 2002). However, gender difference is likely to exist. For instance, man and woman entrepreneurs are different in family responsibilities. Women are more likely than men to shoulder family responsibilities and this leads to women having to combine their work duties and home responsibilities, limiting the scope of business (Low, 2008; Dhaliwal et al., 2009). Research results indicate that the probability of self-employment is higher for men. According to Minniti and Levesque (2008), early-stage entrepreneurial activity participation for men are 50 percent higher than those of women in most countries. The existence of a ratio of early-stage female to male entrepreneurship suggests that entrepreneurial attitudes are influenced by gender factor. It is also known that women's business tends to be smaller and to grow less than those owned by men (Coleman, 2007).

Women and men have different socioeconomic characteristics such as education, wealth, social status. Female entrepreneurs tend to possess fewer years of job experience than men (Lee & Rendall, 2001). Female and male entrepreneurs also differ to their personal and business profile. They are different in business sectors, products and service, management goals and business structure (Verhies, 2003).

The gender difference in terms of earning is more clear in the SME sector. It is known that female entrepreneurs has less work experience compare to the male entrepreneurs and self-employed women earn less than self-employed men (Devine, 1994, Parker, 2009). Profitability also worse than men's business and their business generate lower sales turnover than men, even in same industry comparison (Buttner, 1993; Chaganti & Parasuraman, 1996).

### 2.3 Social Capital and Business Success

Recently, some researchers insist that one of the biggest differences between man and woman can be found in the area regard to their networking strategy (Shim & Eastlick, 1998). According to their research, female entrepreneurs' social network differs from the male counterparts' network. Aldrich (1989) found that male entrepreneurs' social network rarely encompass females while female entrepreneurs' social networks encompass more male.

To explain these differences of networking activities between gender, this study tries to use the social capital concept which is relatively new in marketing studies. The concept of social capital has a long history in the social studies. The proposition of social capital theory insists that social relationships are valuable because they make their members to acquire necessary resources from one another through social networks. In the oriental countries social ties have been a very important factor for business success. For instance, '*Quanxi*' is a very popular way to do business in China (Peng & Luo, 2000). The development of social capital with key business accounts in the Chinese market is not an option but a must and Korea market is not an exception. As a result, social capital, which is a joint concern for all social science today is used across multiple disciplines (Batt, 2008). Yet marketing researchers have been slow in investigating the implications of social capital in business practice.

The social capital study focuses on accessing intangible resources such as goodwill from the social network and emphasizes the networks and relationships as a critical component. According to Nahapiet and Ghoshal (1998), they define social capital as the sum of current and potential resources that generated by relationship network. Ostrom (2000) states that social capital refers to shared knowledge, understandings, norms, rules and expectations about patterns of interaction that groups of individuals bring to a recurrent activity. Bowles and Ginitis (2002) define social capital as the trust, a willingness to live by the norms that one's community requires, concern for one's associates. Griffith and Harvey (2004) insist that social capital is an intangible asset that is created via social relations and that can be used to facilitate action for the owner. Batt (2008) view social capital as the mobilization, use and benefit gained through accessing present and future resources through social networks. The components of social capital can be conceptualized at three different levels (Griffith and Harvey 2004). They are national level, organizational level and individual level (Kostova & Roth 2003; Griffith &

Harvey, 2004). On the other hand, social capital can be divided into three dimensions: the structural dimension, the relationship dimension, and the cognitive dimension (Nahapiet & Ghoshal, 1998). But in spite of many researches, there is no single agreed academic definition of social capital yet (Adler & Kwon, 2002).

Facing these differences in defining the concept, identifying the roles and components of social capital become essential to understand the importance of social capital in order to upgrade woman entrepreneurs' competencies. Social capital is known to support entrepreneurs identify business opportunities. The entrepreneur can utilize their own contacts to expand their business and boost their competitive advantage (Lerner et al., 1995). The effects of social capital on a successive business can be explained by using networking theory. Luczak et al. (2010) suggest that successful business owner possesses a positive pattern of social networking behavior and these behaviors aids the owners in their acquisition of scarce resources needed to grow. According to Leana and Buren (1999), these effects are possible because there are two underlying dimensions: associability and trust (Leana & Van Buren, 1999). Associability implies that the individual can achieve their personal goal through the efforts and participation to meet group goals. Trust is one's confidence in another's reliability and integrity that generate long-term relationship.

Recent studies reveal that the relationships between woman entrepreneurs and social capital is especially noteworthy. Female entrepreneurs are good at expanding their social capital as a means of securing enough resource to start their business (Chung et al., 2012). A series of researches insist that women who become business owners lack many of the characteristics essential for business success and their business's characteristics are low income, low turnover and limited growth opportunities (Moore, 1999; Marlow & Carter 2004). They also have fewer role models than men have, and the fact results in more possibility of failure in competition (Mattis, 2004). Also, International Labor Organization (ILO) reported that the problems that were being faced by woman entrepreneurs were a high rate of failure and the lack of networks that would allow them to facilitate business is one of the main reasons (Lee et al., 2011). Therefore, networking is important for female business owners as it can increase the success rate of their business (Sharafizad, 2011). That is the reason why building social networks are important to solve most woman entrepreneurs' problems. Women's reliance on smaller strong-tie networks would produce deep effects on their market performance and business surroundings (Minniti, 2010). Yunus (2007) has shown the importance of knowing other entrepreneurs and networks for female entrepreneurs' creating new business.

### **3. Research Model and Hypothesis**

#### *3.1 Social Capital and Competitive Advantage*

Competitive advantage results from many different kinds of factors, including M&A, diversification types, internal structure, human resource, management style and so on (Ma, 1999; King, 2007; Ismail et al., 2010). Lerner et al. (1995) insisted that relations formed by female entrepreneurs have a positive effect on their business. Thus, it is not strange to say that an entrepreneur's social capital would affect a firm's competitive advantages. For minorities who tend to be poor in conventionally perceived resources, the use of social capital becomes a more important source of advantage (Lin, 2007). SMEs and female entrepreneurs who are business minorities in Korea also can get benefits from a dense social network of the entrepreneur.

Researchers within the business discipline are also using social capital to explain precedents of firm performance (Batjargal, 2003). These researchers explain that social network can increase likelihood of business success (Smith & Lohrke, 2008). Griffith and Harvey (2004) pay attention to a marketing manager's social capital in the market and company organization. They believe that social capital can facilitate information transfer and learning and this enables marketing managers to play a strong strategic role within a firm's network. Robben (1984) insists that entrepreneurs must expand their networks to gain a competitive advantage. It is no exaggeration to say that a small business requires myriad resources from information and capital to symbolic support (Singh et al., 1986) and those resources can be delivered from ties with entities within a social network. .

Obtaining the necessary resources has close relationships with the ability of the entrepreneur to create sustainable relationships with environments. As a result, to launch a new business and to be a successful entrepreneur, he or she must develop social exchange relationships (Hite, 2005; Smith & Lohrke, 2008). Anderson and Jack (2002) insist that social capital facilitates coordination and cooperation of business participants by bonding the parties involved. Social capital facilitates the spread of knowledge and innovation (Batt, 2008) and social network, including insider, partner and weak links can signal a warning and influence entrepreneurial alertness (Ardichvili et al., 2003). Conversely, a lack of social capital limits economic opportunities and cause marketing to work less efficiently (Rose-Ackerman, 2001). Also, social capital is hard to

be copied and provides entrepreneurs with unique resources that lead to competitive advantages (Luczak et al., 2010). Social relationships are complex and therefore become a source of sustainable long-term advantages.

Chung et al. (2012) insisted that opportunity is critically important to start-up and is the core of entrepreneurship. According to their study, social capital is the main source of opportunity identification and will affect the future growth potential of the entire new start up.

Based on these prior researches, this study insists that strong networks with high level of social capital play an important role in enforcing woman entrepreneurs' differentiation advantage.

Hypothesis 1. Structural social capital will positively affect the differentiation advantage of female entrepreneurs.

Hypothesis 2. Cognitive social capital will positively affect the differentiation advantage of female entrepreneurs.

Hypothesis 3. Relational social capital will positively affect the differentiation advantage of female entrepreneurs.

It is known that social capital help entrepreneurs make the better market performance. Bridging social capital can provide a start-up with a reference and also equip the organization to avoid uncertainty in the environment. Social capital is built on the relationships which require proper maintenance to be a marketing advantage, however, properly managed social capital can be used in different ways to obtain positive outcomes (Aston et al., 1999).

One of the examples is to create cost advantage. The social network can be a source of priceless information which improves a company's cost efficiency. Smith and Lohrke (2008) argue that the proper information can be helpful in eliminating unnecessary cost. Chuang et al. (2012) insisted that an organization with bonding social capital can work more smoothly and reduce its internal resource cost. Bridging social capital can provide the organization with customer information and market intelligence (Chong & Gibbons, 1997).

In general, social ties and relationships provide persistent access to resources including free or reduced labor as well as access to better suppliers or distributors (Davidson & Honig, 2003). Also, Social capital can reduce transaction cost of entrepreneurship by yielding a higher level of trust (Fukuyama, 1995; Batt, 2008).

Based on these prior researches, we believe that social capital could be helpful in reducing the cost of conducting everyday affairs and of doing business.

Hypothesis 4. Structural social capital will positively affect the cost advantage of female entrepreneurs.

Hypothesis 5. Cognitive social capital will positively affect the cost advantage of female entrepreneurs.

Hypothesis 6. Relational social capital will positively affect the cost advantage of female entrepreneurs.

### 3.2 *Competitive Advantage and Performance*

A competitive advantage is conceptualized as the implementation of a strategy not currently being implemented by other firms that facilitates the reduction of costs, and the exploitation of market opportunities (Barney, 1991). A specific resource or capability could be found to exhibit a strong correlation with competitive advantage, according to the resource heterogeneity approach. In the theory, a specific resource or capability is argued to be rare and valuable, and then the amount of that resource or capability possessed by a firm can be a source of competitive advantage (Barney, 1991; Newbert, 2008).

Social capital possessed by an entrepreneur can qualify the conditions to be a firm's resource and can affects a firm's market performance. It is logical to assume that a firm that attain a competitive advantage will be able to improve its market performance in ways that are different from its competitors whether in the form of lower cost or different value.

Ismail et al. (2010) insist that firms that enjoy cost-based competitive advantage over their rivals have been shown to exhibit better performance. Those costs-based advantages such as lower manufacturing cost, lower production cost have significant relationships with positive market performance in general (Morgan et al., 2004). In general, a firm with a competitive advantage has created more economic performance than its competitors (Peteraf & Barney, 2003).

Founded on these prior researches, we believe that competitive advantages such as differentiation advantage and price advantage will affect market performance.

Hypothesis 7. Differentiation advantage will positively affect the perceived market performance of female entrepreneurs.

Hypothesis 8. Cost advantage will positively affect the perceived market performance of female entrepreneurs.

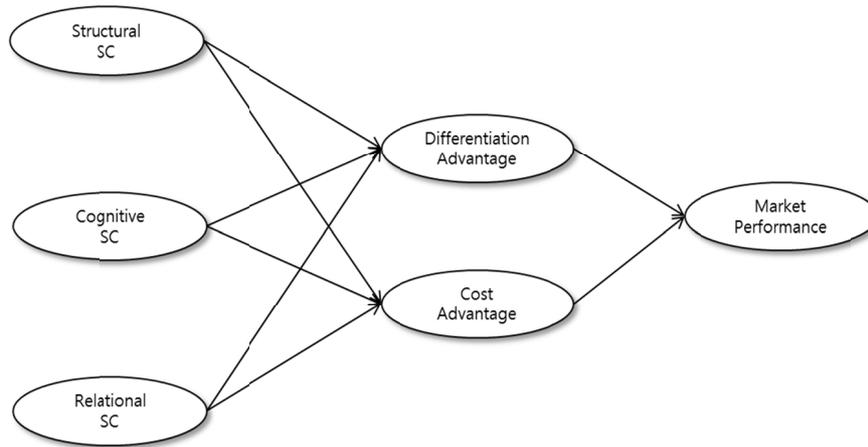


Figure 1. Research model

## 4. Methodology

### 4.1 Methodology

This study's intention is to identify the relationship between social capital and market performance mediated by competitive advantage. To achieve the proposed objectives of the research, structural equation model which is a quantitative study was selected. A quantitative analysis is proper for the case as it makes it possible to find empirical relationships between variables.

To achieve the research goal, proper measures of the constructs need to be developed before empirical test. In the first stage, all measures were borrowed from the previous literature and modified slightly to translate into Korean language for the survey. In the second stage, an initial validation process was held with the help from marketing academics and practitioners. The participants were chosen based on their prior experience and knowledge: two marketing professors who have interests in the topic and two marketing managers who are woman entrepreneurs. Through these two step process, a set of six constructs with related items emerged and the research questionnaire had been refined. These items are positively coded.

### 4.2 Operationalization and Measures

Social capital was operationalized into the three dimensions which are structural, relational and cognitive dimension (Nahapiet & Ghoshal, 1998) and competitive advantage is defined as a degree to which a firm has reduced costs and exploited opportunities (Barney, 1991). Therefore, in the research a competitive advantage is classified into two variables and measured: competitive advantage and cost advantage. Among the many different kinds of a firm's performance, financial performance measures are used most widely in the strategy literature (Barney, 1991; Combs & Ketchen, 1999; Newbert, 2008). However, it is highly difficult to measure a firm's objective financial performance because a private small firms characteristics that don't want to reveal their financial status to outsiders. Thus market performance was measured by adopting Morgan et al. (2004)'s widely used market performance scale. All these items are positively coded.

Table 1. List of measurement

Construct	Measurement	Source
Cognitive social capital	1. Members who work in the firm are committed to the goal of this firm	Carr et al. (2011)
	2. There is a common purpose shared among members who work at this firm	
	3. Members who work in this firm view themselves as partners in charting the firm's direction	
	4. Members who work in this firm share the same vision for the future of this firm	
	5. Members who work in this firm share the same goal for the future of this firm	
Structural social capital	1. Members who work in this firm engages in honest communication with one another	Carr et al. (2011)
	2. Members who work in this firm have no hidden agenda	

Construct	Measurement	Source
Relational social capital	3. Members who work in this firm willingly share information with one another	Carr et al. (2011)
	4. Members who work in this firm takes advantage of their relationships to share information	
	1. Members who work in this firm have confidence in one another	
	2. Members who work in this firm show a great deal of integrity with each other	
	3. Members who work in this firm trust each other	
Market differentiation advantage	4. Members who work in this firm are usually considerate of each other's feeling	Morgan et al. (2004), Vorhies and Morgan (2005)
	5. Members who work at this firm believe in each other	
	"Please rate your business relative to your major competitors in terms of marketing capabilities."	
	1. Development of customer-driven product	
	2. Quality of product and service	
Cost advantage	3. Ability to provide differentiated value	Morgan et al. (2004), Vorhies and Morgan (2005)
	4. Customer service and support	
	"Please rate your business relative to your major competitors in terms of marketing capabilities."	
	1. Lower cost than competitor's cost	
Market performance	2. Effective management for cost control	Vorhies and Morgan (2005), Zhou et al. (2009)
	3. Lower price to customers.. .	
	"Please evaluate the market performance of your business over the past year (the next twelve months) relative to your major competitor"	
	1. Growth in sales revenue	
	2. Increasing sales	
	3. Reaching a financial goal	

#### 4.3 Research Sampling

The data as collected from face-to-face direct personal interviews with woman entrepreneurs in Korea from April to May 2014. Finally, a data set was generated based on the interview survey. 257 samples were collected from major cities including Seoul, which were confined only to business owners who has less than ten employees. According to the related Korean laws, small business can be defined by the number of employees and ten is the maximum number.

Table 2. Sample characteristics

Category	Explanation	Frequency (%)
Age group	Under 29	34 (13.%)
	30-39	67 (26.1%)
	40-49	98 (38.1%)
	50-59	48 (18.7%)
	Above 60	10 (3.9%)
Education Experience	High school	108 (42.0%)
	Community college	52 (20.2%)
	University	81 (31.5%)
	Graduate school	16 (6.2%)
Business Domain	Manufacturing	7 (2.7%)
	Construction	3 (1.2%)
	Retailing & wholesaling	88 (34.2%)
	Restaurant	90 (35.%)
	Service	60 (23.%)
Size by employees	Others	9 (3.5%)
	1-2	111 (43.%)
	3-4	103 (40.1%)
	5-6	39 (15.%)
	7-8	1 (0.4%)
	9-10	3 (1.2%)

## 5. Research Results

### 5.1 Reliability and Validity

Reliability and validity of measures were tested in two continuous stages: General Reliability Analysis and Factor Analysis. Internal consistency was assessed by calculating Cronbach's alpha score. Cronbach's alpha scores are found to be greater than 0.8 and the reliability are accepted in accordance with Nunnally (1967)'s rule.

Table 3. Cronbach's alpha

	Construct	Mean (Std. Dev.)	Cronbach's alpha	Number of items
Exogenous variables	Cognitive social capital	3.70(.90)	.923	5
	Structural social capital	2.80(1.11)	.922	4
	Relational social capital	3.73(.81)	.808	5
Endogenous variables	Differentiation Advantage	3.41(.83)	.828	3
	Cost Advantage	3.26(.81)	.866	2
	Market performance	3.07(1.06)	.927	3

As a next step factor analysis was performed to test the validity of variables. For the analysis, we adopted PCA (principal component analysis) extraction method with a VARIMAX rotation option. Three factors in exogenous variables and three factors from endogenous variables are extracted successfully.

Table 4. Factor analysis of exogenous variables

Construct	Igen value	Item	Factor 1	Factor 2	Factor 3
Cognitive, social capital	5.606	sc10	<b>.881</b>	.042	.163
		sc13	<b>.858</b>	.074	.148
		sc12	<b>.856</b>	.087	.192
		sc11	<b>.856</b>	.086	.246
		sc14	<b>.780</b>	.117	.267
Structural social capital	2.768	sc03	.109	<b>.916</b>	.099
		sc04	.080	<b>.912</b>	.073
		sc02	.037	<b>.891</b>	.121
		sc01	.105	<b>.822</b>	.202
Relational social capital	1.636	sc06	.147	-.021	<b>.822</b>
		sc05	.132	.008	<b>.806</b>
		sc09	.196	.260	<b>.677</b>
		sc07	.281	.242	<b>.639</b>
		sc08	.215	.161	<b>.618</b>
	% of variance		40.041%	19.768%	11.688%
	Total % of variance			71.497%	

Table 5. Factor analysis of endogenous variables

Construct	Igen value	Item	Factor 1	Factor 2	Factor 3
Market performance	2.613	mp02	<b>.913</b>	.218	.164
		mp03	<b>.885</b>	.183	.165
		mp01	<b>.877</b>	.294	.115
Differentiation advantage	2.227	ad04	.150	<b>.842</b>	.175
		ad03	.206	<b>.841</b>	.191
		ad05	.328	<b>.762</b>	.136
Cost advantage	1.518	ad02	.087	.175	<b>.855</b>
		ad01	.218	.182	<b>.796</b>
	% of variance		32.664%	27.835%	18.974%
	Total % of variance			79.474%	

### 5.2 Test Results

This study adopts SEM (structural equation modeling) technique to prove the theory. The fit test resulted in chi-square statistics of 512.777 ( $p=.000$ ,  $d.f.=219$ ) and chi-square value was satisfactory in general. Other fit

statistics such as GFI, CFI, NFI, SRMR could be more proper for assessing the model fit than single chi-square value (Bagozzi and Yi 1988). In the testing all these fits also indicates satisfactory outcomes. Therefore, further analysis of a causal relationship between the variables was conducted as a final stage.

According to the results, hypothesis H1, H2, H4, H5, H7, and H8 are significant while H3 and H6 are not significant. Both structural social capital and cognitive social capital are positively and directly linked to differentiation advantage and cost advantage. Also, these advantages affect market performance positively. However, the effects of relational social capital are not supported. Its relationship with any kind of advantage are not statistically supported.

Table 6. SEM analysis results

Hypothesis	Estimate (Std. estimate)	S.E	C.R	p* (p<.05)
H1. Structural SC → Differentiation advantage	.315 (.317)	.066	4.750	.000*
H2. Cognitive SC → Differentiation advantage	.502 (.565)	.072	6.968	.000*
H3. Relational SC → Differentiation advantage	-.186 (-.163)	.095	-1.954	.051*
H4. Structural SC → Cost advantage	.473 (.451)	.082	5.798	.000*
H5. Cognitive SC → Cost advantage	.205 (.219)	.081	2.540	.011*
H6. Relational SC → Cost advantage	-.019 (-.016)	.114	-.166	.868*
H7. Differentiation advantage → Market performance	.603 (.507)	.081	7.417	.000*
H8. Cost advantage → Market performance	.297 (.263)	.085	3.504	.000*

\* Model fit = Chi-square=512.777 (d.f=219, p=.000), GFI=.855, CFI=.923, NFI=.874, SRMR=.068, RMSEA=.072

## 6. Conclusions

### 6.1 Finding and Implication

This research has surveyed some of the principal facts about woman entrepreneurship and presents empirical findings about the relationship between major variable. There are yet many hurdles to be a successful entrepreneur, particularly in case of a woman. This work suggests a possibility that a woman's social capital could be an answer to gain business advantages. This study proposes several empirical findings that have the potential for further research.

First, this study addresses the importance of woman entrepreneurs in the small business. Due to their increasing economic power, more women start their own business and become new business actors. The demand for research to explain this new movement is emphasized once more.

Second, the use of social capital components and their relationships with marketing advantages are offered. Social capital consists of three variables which are structural, cognitive and relational social capital. This study finds out that both differentiation and cost advantage are affected by cognitive and structural social capital. This outcome is coherent with the previous researches on women entrepreneur. According to the Kauffman Foundation Research (Padma, 2013), woman entrepreneurs are concerned about IP (intellectual property), seek mentoring and experienced, well developed professional networks. Most woman entrepreneurs know that social capital building through networking is an effectual means to compete. However, relational social capital's effects on those advantages are not.

Third, differentiation and cost advantage affect market performance positively as the study expected. It gives implication that those business advantages are too essential to be neglected by any gender of entrepreneurs. Woman entrepreneurs also make an attempt to establish substantial business advantages just like man counterparts.

## 6.2 Limitation

Regardless the findings of this study, there are several research limitations. Confirmation of these speculations must await further research.

First, this research focused on social capital of woman entrepreneurs and its effects on market performance mediated by business advantages. However, there are more variables that can give impact to the relationships. Further research could consider more extensive variable to explain women entrepreneur.

Second, the generalization of the research findings will be limited to Asian nations because the sample was mainly made from female Korean business owners. Confucianism is very popular among the Asian countries such as China, Japan, Vietnam and Korea and there has been a similar negative viewpoint about the business activities of adult females. Thus, this research results can be portioned out among Asian countries. However, it is not clear if the findings can be applied to western nations with different cultural backgrounds. The comparison between Asian and Western countries will provide readers with more practical implications.

Third, this study doesn't consider country differences in women entrepreneur's motivations. Granting to the GEM 2008 (Global Entrepreneur Monitor, 2008) report, there are difference in motivation even among Asian nations. For instance Malaysian and China are efficiency driven, while Australia, Japan and Korea are innovation driven. There is a possibility that women have different motivations based on the economic situation of their nation. Women in poor countries start a business out of necessity because of the lack of employment in the job market, and women in rich countries start business even when other job opportunities exist to get a better paid job. As a result this research needs to be expanded to more general settings across countries.

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