AN INNOVATION DIFFUSION PERSPECTIVE ON THE ADOPTION OF
WOMAN BUSINESS ENTERPRISE (WBE) CERTIFICATION


by


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ABSTRACT
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Grounded in the diffusion of innovation theory, the focus of this study
centered on the persuasion stage and the decision stage as presented in Rogers'
innovation decision process. The innovation under scrutiny was Woman Business
Enterprise (WBE) certification, and the potential adopters were women business
owners. The decision process that was explored included Rogers' five innovation
characteristics: relative advantage, compatibility, complexity, trialability, and
observability.

In this study, diffusion research was linked with research on women
business owners. The research questions were designed to provide insight into
factors influencing the diffusion of WBE certification. The study examined the
participants' own experiences as well as peer-to-peer communication about WBE
certification, including their attitudes, beliefs, perceptions, and communication
experiences as it pertains to WBE certification issues. To gather salient data, focus
groups were conducted with 22 women business owners. The ten themes that
emerged from the data were grouped into two categories: the participants'
knowledge and attitudes about the WBE application process, and the participants'
perceptions about the value of WBE certification.

The results indicate that the characteristics of WBE certification do have a strong influence on the woman business owner's decision-making process concerning certification adoption or rejection. The results also show that while a comparatively high degree of relative advantage existed it was not enough to offset the negative perceptions from the other four attributes, which were reflected in the slow diffusion rate for WBE certification. Further, the issue of trust surfaced as a potentially salient innovation adoption determinant, particularly for intangible, complex innovations.

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**An Innovation Diffusion Perspective on the Adoption of
Woman Business Enterprise (WBE) Certification**

Introduction

The number of women business owners has risen dramatically. Twenty

years ago the percentage of all businesses that were owned by women was 4.6%; in

2004 this percentage has grown to about 30% of all businesses (Bird & Brush,

2002; National Women's Business Council (NWBC), 2004). According to the

Center for Women's Business Research (CWBR), businesses that are owned and

controlled by a woman collectively employ more than the Fortune 500 combined

and contribute $1.19 trillion to the GNP (CWBR, 2004).

However, even with the advances women business owners have made,

puzzling inequities still exist. For example, female-owned firms account for less

than 3% of all federal dollars spent each year with private industry (CWBR, 2002;

NWBC, 2004). Legislators have occasionally attempted to amend the procurement

practices of the federal government by passing laws and establishing goals and

programs to facilitate the use of woman-owned firms (OWBO, 2002). Obviously,

none of these efforts have resulted in the desired effect of a more equitable

distribution of procurement dollars spent with woman-owned firms, and the

question remains, "Why?"

This study will attempt to answer part of that question by examining a policy put into place that was intended to be helpful to women business owners, but which has failed to meet the expectations of its creators, the legislators who voted for it, and ultimately the expectations of the women business owners themselves. The intent of the policy was to create a program that would encourage procurement officers to utilize women-owned firms at a higher level in both the number of firms awarded contracts and the dollar amounts awarded to them. Obviously this goal would require that a tracking system be put in place, and one aspect of the tracking system had to be identifying which companies were woman-owned. For a short while, women were allowed to essentially *self-certify*, meaning that the only requirement was to declare that they were in fact a woman-owned business. This left the door wide open to fraudulent practices by majority-owned firms attempting to undercut the intent of the policy. Common practices included puppet owners (listing the wife of the CEO as the owner when she in fact did not even work at the company), or straw companies (setting up a company that existed on paper only, listing a female as owner.) To combat these practices the idea of a more formalized certification process was born. The guidelines were put forth by the Small Business Administration (SBA) in 1961 (SBA, 1961) and the implementation of the certification process was, and still is, administered by governmental entities at the state and local levels. Through this process, women business owners can obtain Woman Business Enterprise, or WBE, certification.

In addition to WBE certification, another aspect of the 1961 Act was the creation of *set-aside* programs for women and minority-owned firms. For women business owners choosing to participate in the program, it was necessary to obtain WBE certification for eligibility in any set-aside programs. Since then, virtually all of the set-aside programs have been replaced with percentage goals, which at the federal level is currently at 5%. Therefore, the WBE designation should presumably help procurement officers select enough women-owned firms to meet utilization goals, as well as provide an avenue for tracking actual usage of women-owned firms.

The result, 20 years after the enactment of this program, is that less than two percent[1] of women business owners are WBE certified (OWBO, 2002). What are the elements contributing to the fact that so few women business owners take advantage of a program designed to help them? Anecdotal evidence seems to exist, but there has been no empirical study to confirm its credibility. Instead, studies of women business owners have focused on areas other than aspects of WBE certification.

Examples of early studies focused primarily on personal characteristics of the woman to determine why she chose to start a business (Brush, 1992). Later studies focused on comparing the management styles of female business owners to that of male business owners, or addressing glass ceiling issues by comparing women who are business owners to women in the corporate structure (Brush,

1992). More recently, studies have compared entrepreneurial performance of women to ethnic minorities (Cheng, 2002). None of this research sheds light on the issue of WBE certification.

When it was enacted, the legislation contained several ideas that were new. Whether the framers thought of themselves as innovators is debatable, but it is indisputable that the new program contained elements that had never before been enacted. For the women business owners' viewpoint, pursuing WBE certification is a choice to adopt a new strategy for marketing and sales, making it similar to innovations (O'Neill, Pouder, & Buchholtz, 1998). This being the case, it is appropriate to consider WBE certification as an innovation, and therefore practical to turn to the diffusion of innovation (DOI) research for insight as to why WBE certification did not diffuse as anticipated, despite its apparent advantages.

The same query—why an apparently superior alternative did not diffuse—is at the heart of Everett Rogers' well-known initial research that laid the groundwork for the development of his DOI theory: the study of Iowa seed farmers who failed to adopt a new, superior product (the hybrid seed) as quickly as expected in 1943 (Rogers, 1995). Since then Rogers' DOI theories have been the foundation for thousands of DOI studies, the vast majority of which are focused on tangibles, like new products, or technology innovation. The comparatively few DOI studies involving intangibles or ideas as innovations have been typically policy oriented

(Burke, 2000), process oriented (Kreiner, 1990), or administrative in nature (Ahire & Ravichandran, 2001).

In this study DOI theory was applied to two specific areas in which it has been infrequently used. First, the study examines the diffusion of an intangible idea as the innovation, as opposed to a tangible product as the innovation. Second, the research focuses an innovation that has failed to diffuse: a national program that has not been widely adopted by the intended beneficiaries. This approach illuminated an area of study concerning women as business owners that is outside the mainstream of existing research. My key contribution was to link diffusion research with research on women business owners, and to examine their attitudes, beliefs, perceptions, and communication experiences as it pertains to WBE certification issues. This is an important first step in documenting the data needed for changing the status quo so that the WBE certification program becomes more widely diffused or is replaced with a more effective program.

Literature Review

*Literature on Diffusion of Innovation (DOI) Theory*

The most influential and lasting influences on today's DOI theory seem to be an unlikely pair: a French philosopher in 1903 and a group of Iowa corn farmers in the 1940s (Rogers, 1995). Concepts from a French philosopher, Gabriel Tarde, in 1903 have endured. His interests were *imitation and invention* as the most

elementary of social acts, similar concepts to Rogers' *adoption and innovation*.

Tarde was a generation or two ahead of his time, because it was not until the study

of Iowa farmers in 1943 (Ryan & Gross, 1943) that Tarde's *laws of imitation* were

incorporated into an empirical study. With the study of diffusion of hybrid seeds

among farmers in Iowa, Ryan and Gross built on Tarde's concepts as well as

Joseph Schumpeter's work from 1943, in which he defined innovation as "the first

introduction of a new product, process, method, or system" (Lee, Smith, & Grimm,

2003, p.754). Ryan and Gross set the foundations for a theoretical framework of

diffusion by establishing four basic concepts: (a) The individual's decision about

an innovation is a process of sequential steps; (b) Individuals rely on predictable

communication sources for information about the innovation; (c) The rate of

adoption can be charted along an "S" shaped curve; and (d) The concept of early

vs. late adopters (Rogers, 1995). All of these concepts are incorporated into Everett

Rogers' book, *Diffusion of Innovation*, the seminal work on diffusion theory. First

published in 1962, it has been honed in three editions since.

*A Review of Rogers' Innovation Decision Process*

The broad view of Rogers' DOI theory is that when a concept is perceived

as new, the individual utilizes communication tactics within this social systems to

arrive at a decision point of either adoption or rejection of the innovation. He uses

the term *communication channel* to describe how the message is communicated; at

its most basic it is between an individual who knows about an innovation and one

who does not, at the other end of the spectrum is mass media communication channels. Thus, Rogers' definition of diffusion is "the process by which an innovation is communicated through certain channels over time among the members of a social system" (Rogers, 1995, p.10).

In creating a framework for understanding the determinants of innovation adoption or rejection, Rogers puts forth a sequential process of decision-making. He delineates the six stages of the *innovation decision process*:

1. Prior Conditions

2. Knowledge

3. Persuasion

4. Decision

5. Implementation

6. Confirmation

The innovation-decision process begins in an environment of prior conditions (norms of the social system and previous practices) and moves from initial *knowledge* about the innovation, with its focus on the potential adopter's individual characteristics (such as personality and socioeconomic), to the *persuasion stage*, with its focus on the potential adopter's perceptions concerning the characteristics of the innovation (such as its advantages), and then to the *decision stage*, with its focus on the point of adoption or rejection of the innovation. If the innovation is rejected, the potential adopter may try different

communication tactics within his social system to encourage others to reject it also. Or, he may become an adopter later in the evolution of the diffusion process. If the innovation is adopted, the *implementation stage* occurs when the innovation is put to use, which by definition involves explicit behavior change. Finally, at the *confirmation stage* the adopting unit seeks reinforcement of the decision to adopt as they contend with changes that the innovation implementation requires. The confirmation stage may end with discontinuance of the innovation, or it may continue on for some time until the innovation becomes part of the normal functions of the adopter.

Central to Rogers' theory is that the speed (rate) of diffusion is proportionally related to the number of adopters, a common theme in DOI research (Mahajan & Peterson, 1985; Teng, Grover, & Guttler, 2002). The concept of time includes not only how long it takes for the innovation to be adopted, but also the time-related factors in the innovation-decision process itself. Individuals who choose to adopt an innovation are classified according to where they are plotted along the "S" curve of adoption, which represents the cumulative number of adopters over the span of time necessary for an innovation to diffuse into a population. Roger's classifications of adopters are descriptive: Innovators, early adopters, early majority, late majority, or laggards (Rogers, 1995). Whereas an individual's personal traits tend to govern whether they become early or late adopters (for example, those who tend to be a risk-takers as opposed to those who

are risk-averse), the attributes of the innovation itself tend to more directly affect the relative speed of adoption. Therefore, if potential adopters in the persuasion stage perceive the innovation as being relevant to them, the process proceeds more quickly to the next stage.

In the persuasion stage Rogers uses specific terminology to describe the attributes, or characteristics, of an innovation: Relative advantage, compatibility, complexity, trialability, and observability. Other scholars have augmented the list over the years, adding at least five attributes that have been studied. These include cost, communicability, divisibility, profitability, and social approval (Teng et al., 2002). Since it is generally agreed that these attributes overlap with Rogers' original list, I have chosen to focus on the original five attributes in conducting this study. In any case, researchers have long recognized the importance of considering innovation attributes in their diffusion research, and they continue to discover empirical evidence that it affects new product diffusion rates (Lee et al., 2003) and diffusion patterns (Teng et al., 2002). In fact, Rogers claims that at least half and up to 87% of the variance in rate (speed) of adoption is explained by the five attributes (Rogers, 1995) listed in his work. For this reason the persuasion stage is central to this study. The five innovation attributes that together make up Rogers' persuasion stage are detailed below.

*Relative Advantage* refers to the innovation's properties being perceived by the potential adopter as better or more advantageous than the current mode of

operation (Rogers, 1995). Examples include economic advantage, obtaining social prestige, convenience, timesaving, and better satisfaction or results. Each of these could have multiple subsets of related advantages. Note that what is an advantage to one person may not be perceived as an advantage to another, so the emphasis is on the *perception* of advantageous attributes. Messages relating to relative advantage are the most expressed communication when adopters and potential adopters evaluate an innovation (Rogers, 1995), and it has been found to be the primary discriminating factor between adopters and non-adopters in an organizational setting (Hightower, 1991). Research has shown that of the five categories identified here, relative advantage is the most reliable predictor of the rate of adoption (Rogers, 1995). Indeed, marketers have also cited perceived advantages of a new product as highly affecting the speed of adoption, but not necessarily the product's overall market potential (Sha, 1995).

*Compatibility* is the "degree to which an innovation is perceived as consistent with the existing values, past experiences, and needs of the potential adopters" (Rogers, 1995, p.224). Examples include cultural beliefs and customs, personal experiences that support or undermine some aspect of the innovation, and recognition of need for change. The more compatible an innovation is to these elements, the more likely the innovation will be to have a high rate of adoption. If it is incompatible, the adopter must first make the decision to change her current beliefs or values prior to adoption. In some cases, perceived value compatibility is a

stronger persuasive argument than purely economic reasons to adopt an innovation (Newton, 1986). Other terminologies used in the literature to describe the range of compatibility attributes are *normative innovations* (Lee et al., 2003) and *radicality of innovations* (Newton, 1986). Interestingly, researchers have noted about compatibility attributes, "It seems every innovation carries a message, consistent with the communications literature, and it influences diffusion rates" (Lee et al., 2003, p.764).

*Complexity* refers to the relative difficulty of understanding the innovation, and is therefore inversely related to the innovation's rate of adoption. Innovations requiring a new skill in order to adopt, or that are confusing or complicated, will have a slower rate of adoption than an innovation that is easy to understand and implement by most members of the social system (Rogers, 1995).

*Trialability* is a characteristic of an innovation that allows the potential adopters to try it out for themselves prior to committing to adopt (Rogers, 1995). This simply helps reduce uncertainty, a concept well understood by many marketers: "Try this product free in your own home for 30 days and if you are not 100% satisfied, return the unused portion for a full refund." Trialability is positively related to its rate of adoption.

*Observability* is the attribute of an innovation that allows the results of its adoption to be seen. Visibility of the outcomes after adoption is a powerful object

lesson for other potential adopters, and the more public it is the more interest it will generate (Rogers, 1995).

The preceding section has been an overview of Rogers' diffusion of innovation theory, which has become the basis for literally hundreds of scholarly research studies, papers, and publications in this field over the past 40 years. I have also delineated the narrow slice of the innovation-decision process, the persuasion stage with its focus on innovation characteristics, which I have chosen to utilize in my research. In the next section I build on my review by highlighting other aspects and viewpoints in the DOI literature.

*Other Aspects and Viewpoints of DOI*

Other aspects of DOI research are explained below. One examines the scope of a diffusion study as pertaining to tangible or intangible elements, and another defines the adopter unit as an individual or group. Further, the aspects of communication in social networks are basic and vital to any diffusion research, and are discussed in the third section. The final section addresses differences in DOI orientation as well as research gaps and flaws.

*Tangible and intangible.* The vast majority of the 4,000 diffusion research studies have focused on technology or tangible products (Berkowitz, 1997; Gore & Lavaraj, 1987; Rogers, 1995; Sha, 1995). For obvious economic reasons advertisers, marketers, and new product managers are highly interested in diffusion research as it applies to introducing new products to the marketplace (Chatterjee &

Eliashberg, 1990; Sha, 1995). Groundbreaking work by Frank M. Bass in 1969 introduced a diffusion model for long range forecasting in predicting new product adoption of consumer durables (Bass, 1969). In a similar vein, the technology sector represents so many innovations over the past 30 years that it is understandable why so much diffusion research focuses on studying its introduction, adoption, diffusion, and even failures (Rogers, 1995). In addition to product launch and expected adoption times, marketing diffusion research encompasses probability of brand choice. The determinates of diffusion are consistent with Rogers' innovation attribute theory, but in contrast the marketing models allow for consumers to change their minds concerning brands without abandoning the innovation itself (Chatterjee & Eliashberg, 1990). In other words, in Rogers' model the adopters and non-adopters are mutually exclusive; in the marketing models the adopters of an innovation (new product Brand A) remain in the potential adopter pool for Brands B and C (Chatterjee & Eliashberg, 1990).

In contrast, DOI research has been applied in comparatively few studies that address intangibles as innovations, such as ideas, concepts or services. These have generally been policy oriented (Burke, 2000; Schneider, Teske, & Mintrom, 1995), process oriented (Kreiner, 1990), or administrative in nature (Ahire & Ravichandran, 2001). School choice as a policy idea has been studied to determine plausible determinants of policy change (Mintrom, 1994). Other diffusion research in the policy arena has encompassed the spread of prohibition in the late 1800s

using a spatial-diffusion model (Sechrist, 1986), as well as an innovative legal

technique that diffused among state attorneys general involving tobacco litigation.

In short, the attorneys began to create policy in a new way using the legal

technique, and the result was not only innovative policy, but also the *process* of

creating it was innovative (Spill, Licari, & Ray, 2001).

In the for-profit world, process innovation has led to structure changes in

entire industries (Kreiner, 1990). Research shows that the patterns of diffusion for

process innovation are many times preceded by the adoption of administrative

innovations. Among the many examples of this is a study of insurance companies

that made the administrative decision to begin providing coverage for the treatment

of alcoholism, which led to devising new processes for implementing the coverage

(Fennell, 1984). In a similar way laws and regulations passed by policy-making

bodies drive the development of new processes in industries when they comply

with the new requirements. Numerous examples can be seen in the trucking

industry by tracing changes in regulations and the subsequent de-regulation of

freight transportation (Teske, Best, & Mintrom, 1995).

Because some innovations are inexorably linked with others, researchers

have referred to a *dual-core* model because it makes a distinction between

administrative, intangible innovations and the technical, tangible innovations

(Ahire & Ravichandran, 2001). So while an innovation may start out as the spread

of a new idea, the innovation is not the intangible idea but the technology it spawns

which is ultimately adopted. The adoption of telemedicine-based networks across organizations certainly involves the use of new technology, yet it begins with the adoption of a new idea by someone, presumably management, within the organization (Robinson, Savage, & Campbell, 2003). This example also illustrates another aspect of diffusion research:  Defining the unit of analysis as an individual or as an organization.

*Micro and macro.* The five innovation attributes that form the persuasion stage of Rogers' diffusion theory were created based on research in which the potential adopter unit was the individual. The individual represents the micro view of DOI, and micro-level research is plentiful with examples of both tangible and intangible innovations. Marketing diffusion is consumer, and therefore micro, focused in studies of decision behavior and product attributes (Sha, 1995), as is utilizing personal communication networks to drive sales of new online greeting card products (Berkowitz, 1997). Other diffusion research taking the micro level approach are the persuasion tactics of policy entrepreneurs seeking dramatic public policy change as they influence personal opinions (Mintrom, 1994), and the adoption of accelerated learning innovations by teachers in educational settings (Lew, 2002). While these studies retain the individual as the adopter unit for purposes of data collection and measuring, almost without exception the need arises to interpret across populations for predicting behavior.

Taking the micro approach one step further are the "micromodeling" theories that attempt to predict performance of individual adoption times by aggregating and interpreting the data, usually for marketing purposes (Chatterjee & Eliashberg, 1990). The theory is based on a micro-level behavioral approach in that the individual's perceptions of the innovation drive his adoption decision, making a micromodeling approach more robust than typical consumer-oriented aggregate diffusion models. This behavioral approach is the antithesis of Bass's mathematical model of consumer adoption, which tends to assume that the population is homogeneous (Bass, 1969). It therefore implies that all non-adopters have the same probability of adopting at any given point in the diffusion process, an assumption which ignores individual behavioral differences (Chatterjee & Eliashberg, 1990). For the marketer using a micromodeling approach, "aggregation across individuals yields the penetration curve; the distribution of individual adoption times determines the rate and pattern of adoption" (Chatterjee & Eliashberg, 1990, p1058, p.1058).

In all of these cases the decision-making process at the micro level requires deliberate choice, especially when the individual has a high personal involvement in the adoption of the innovation (Chatterjee & Eliashberg, 1990). Such is the case with my approach to DOI research in that I focus solely on individual business owners who not only have ownership but also manage and control their businesses.

Aggregation of individuals adopting an innovation within a social system leads to critical mass of adoption at the system level. Therefore, once the discussion at the micro level turns to aggregation, it is a short step to DOI at the macro level. While adoption is at the micro level, diffusion is at the macro, or societal, level (Rogers, 1995).

At the macro level conceptual differences exist between diffusion through aggregate individual choice and models treating diffusion in a population as "analogous to the spread of disease or news, where no deliberate decision is involved" (Chatterjee & Eliashberg, 1990, p.1057). For the purposes of this discussion, diffusion at the macro level is the result of aggregate individual choice, and the potential adopter unit at the macro level is an organization, a community, a corporation, or other group defined by societal norms (Rogers, 1995). Macro-level adoption parameters may be within or among organizations, and the innovation may be tangible or intangible.

Are diffusion models useful tools for studying organizations? Across the spectrum of diffusion literature concerning tangible and intangible innovations as well as the micro-level DOI research, Rogers' model for the individual innovation decision process, including the innovation attribute model, has generally been upheld. Investigations into whether it is valid in an organizational setting have shown that the stages are consistent in sequence and are descriptive of the diffusion process (Arnold, 1993). Less significant were the sources of information and the

communication channels concept (Hightower, 1991). As the micro-level research looks at the characteristics of the individual to predict adoption, macro-level research examines organizational attributes to predict adoption. Many studies attempt to relate innovative behavior to the size of the organization, its structure, specialization, or its culture but have revealed that definitive results are illusive (Fennell, 1984; Moch & Morse, 1977). However, it can be said that organizational attributes, context (such as regulations and economics,) communication, personal characteristics of management, and the innovation's perceived attributes all play a role in facilitating or inhibiting the adoption or rejection of an innovation (Robinson et al., 2003).

Diffusion research at the organizational, or macro, level is quite varied in application: diffusion modeling to analyze adoption of innovation within professional associations (Arnold, 1993); taking a structural approach to identifying the patterns of diffusion of major process innovations in certain industries (Kreiner, 1990); correlating diffusion patterns with technological innovation characteristics to gain better understanding of how to best facilitate the adoption, management of, and planning for technological innovations in corporations (Teng et al., 2002); research on mass public movements in the political science arena (Burke, 2000); and testing the underlying principles of DOI (communication through channels over time) by tracking the transmission of ideas through a population (Warwaruk, 1994).

Most similar to my research is the literature on diffusion studies concerning intangible innovations and those that define the adopter unit at the micro level. Both are particularly relevant because WBE certification could be considered both an administrative and a process innovation within the confines of sales or lead generation within her business, yet the woman business owner remains the adopting unit, not the organization.

*Social influence in decision-making.* Diffusion of innovations is a socio-political process (Maute & Locander, 1994). It is well documented that social structures influence how or whether a potential adopter gains knowledge that an innovation exists, as well as impeding or facilitating its adoption (Deroian, 2002). Interpersonal communication networks are intrinsic in diffusion theories as they influence the decision-making process. At the micro level, individual opinions are formed, reformed, or rejected in a cumulative process that draws on the opinions of others. At the macro level, a step-by-step gradual formation of the social network leads to collective evaluation of the innovation (Deroian, 2002). At both levels, interpersonal relationships are at the heart of diffusion.

Coping with innovations always disturbs the social norms, creating a state of uncertainty. To alleviate uncertainty individuals seek information from within and outside of their social groups. Contrary to what might be logical assumptions, tight-knit social networks have been shown to inhibit change, while change agents that are marginally connected have a stronger influence (Deroian, 2002; Leveton,

1986). Often this takes the form of looking to thought leaders outside the social group for information and reassurance. While not necessarily early adopters themselves, thought leaders nevertheless are regarded as credible sources of information, though the amount of influence they exert is directly related to their perceived trustworthiness by the knowledge seekers. Thought leaders as well as peers sway opinions by reinforcing the prevailing opinion and thereby raising confidence of both parties, or they can likewise create further uncertainty with differing viewpoints (Deroian, 2002; Feick & Price, 1987).

Theories concerning social influence and decision-making vary on whether the influence is internally or externally generated. Theories fall on a continuum in which one side is the internal influence model (influence originating from communication among members of a social system), while the other side is the external influence model (influence coming from outside the social system, like mass media). In the middle is the mixed influence model, popularized by Bass, which recognizes a combination of both internal and external influences (Teng et al., 2002).

Social networks have been shown in many studies to influence decision-making at both the micro and macro levels. Examples include social influence on voting behavior (Eulau & Siegal, 1981), and smoking behavior (Leveton, 1986), as well as driving the propagation of innovations in social organizations (Arnold, 1993).

It is appropriate to consider women business owners as a socially defined group for many reasons. Women business owners participate in numerous local and national organizations which are focused solely or primarily on WBOs such as the National Association of Women Business Owners, the National Women's Business Owners Corporation, the SBA's Women Business Centers, and Women Impacting Public Policy. Political analysts sometimes refer to women business owners as a voting bloc (DNC, 2004; WIPP, 2004), and governments and some corporations separately track how much business they do with WBOs (CWBR, 2001; Murphy, 1998).

For women business owners, it is possible that the influence of social networks is substantial in many aspects of their businesses, including the adoption of WBE certification as an innovation. In my research inquiry into this area will be limited to communication emanating from social networks regarding the perceived attributes of the innovation.

*DOI models based on social sciences.* Predictably, the social aspects of diffusion are central not only to Rogers but throughout much of the DOI literature, and it is important to note that this is true for both micro-oriented and macro-oriented research. Actor-network theory is especially applicable to the study of innovation because of its premise that persuasion happens through communication and negotiation among the actors (Harrisson, Laplante, & St-Cyr, 2001). By applying a DOI approach to the actor-network research, the study can focus on both

the individual and the social groups in which they operate, such as workers as a part of a union within a company (Harrisson et al., 2001). Research questions typical of this framework are: Who are the actors and how are they involved in extending their social networks? Why do they participate? Who is opposed? What actions are most likely to persuade the opposition? (Harrisson et al., 2001).

Researchers taking a multi-level DOI approach apply insights from the diffusion literature to explain and predict organizational adoption or rejection of an innovation by analyzing multiple social levels: organizational characteristics, the company's culture, and the perceptions concerning the characteristics of the innovation (O'Neill et al., 1998). The DOI life cycle theory, that all innovations progress through a predictable cycle, is also an applicable analytical tool for social researchers studying organizational change in that diffusion rates are linked to individuals' propensity to be early or late adopters (Arnold, 1993).

Institutional diffusion theories have recognized the pressures of conformity as a driving force for the spread of innovations, noting that the act of adoption can become a social reaction rather than being driven by such things as the characteristics of the innovation itself (Lee et al., 2003). DiMaggio and Powell declare that a "threshold is reached beyond which adoption provides legitimacy rather than improves performance" (DiMaggio & Powell, 1983, p.148). Similar sounding but different in nuance, the *bandwagon theory* is actually an example of one of Roger's six innovation characteristics: observability. When others watch

initial adopters as evidence, their observation and reaction to it ultimately influences the rate of diffusion (Lee et al., 2003).

*DOI models based on physical sciences.* Theorists often look for patterns that can be extrapolated from the social science models from which mathematical models can be created to explain and predict diffusion rates and behaviors. Further, scholars recognize that mathematical modeling has been a recurring central theme in DOI research beginning with the S-shaped curve (plotting the cumulative number of adopters over time) and the bell-shaped curve (plotting the frequency of adoption over time) (Abrahamson, 1991; Rogers, 1995; Teng et al., 2002). Particularly for marketers the mathematical modeling tradition runs deep since the conceptual foundation for the Bass model of diffusion, a benchmark in 1969, is the mathematical model of contagion (Berkowitz, 1997; Chatterjee & Eliashberg, 1990; Sha, 1995). Therefore, Bass and other mathematical models are based on the assumption of a mutually exclusive (adopters and non-adopters) and collectively exhaustive, or finite, group (Chatterjee & Eliashberg, 1990). Conceptually, the marketer's perspective relates to adoption or non-adoption of WBE certification in that, like a consumer making a brand choice each time they buy, women business owners may choose not to retain WBE certification once they have obtained it. In other words, former adopters may reject their choice and move back into the pool of potential adopters.

Researchers have turned to other areas of the physical sciences to expand DOI research, drawing on classic spatial diffusion models. Studies showing the geographical spread of a social movement (Sechrist, 1986) compare socio-economic factors to diffusion rates, and while predictive for most instances is not adequate to accommodate variances. In contrast, the principles of fluid dynamics have been used to construct a model in which the diffusion process is constrained and directed by fluid dynamic properties (Warwaruk, 1994), which is a mathematical equation.

Teng attempts to join both the physical science approach with the social science approach. He relates patterns to perceptions, marrying the mathematical (patterns) to the social (perceptions of innovation characteristics.) He particularly notes that previous research has left a gap in which many scholars have investigated the predictive qualities of an innovation's characteristics while others separately explain diffusion patterns by utilizing mathematical models (Teng et al., 2002). The two approaches are rarely linked.

It is possible that patterns of adoption exist within the WBO group which could correlate with their perceptions about the attributes of WBE certification. It is also possible that the patterns may be traceable geographically, in which the number of WBOs who are certified are more concentrated in some areas. While both of these possibilities are beyond the scope of my research, they could signal

areas for future study. Since my research has a narrow focus on the perceptions of the innovation's characteristics, it could provide some initial groundwork.

*Gaps and Arguments Concerning Diffusion Research*

      *Discrepancies in research findings.* Adding to the diversity of DOI models, the study of innovation is not confined to a single discipline but rather reaches across fields as diverse as economics, public policy, and anthropology. In this rich mix of investigations, DOI research has been plagued with inconsistent findings, leading scholars to debate the issue at length in the 1970s and 1980s (Downs & Mohr, 1976; Fennell, 1984; Kimberly, 1981; Rowe & Boise, 1974). Variables that appeared to be positively related to diffusion in one study seem negatively related in another (Mahajan & Peterson, 1985). This was particularly true in the organizational setting where much of the research has focused on discovering what factors discriminate between innovative organizations at the forefront of adoption and those slow to adopt labeled as laggards (Moch & Morse, 1977). The existence of such discrepancies was generally agreed upon insofar as DOI research has "suffered from inadequate conceptualization and from a failure to distinguish among types of innovation" (Moch & Morse, 1977, p.716), resulting in some diffusion models being more applicable than others in predicting adoption of specific types of innovations. So while in agreement that inconsistencies in fact existed, two camps emerged in proposing a solution: those declaring that no single, unitary DOI theory would suffice (Moch & Morse, 1977; Rowe & Boise, 1974),

and those who resolved to expand the framework of the current diffusion model to accommodate variances causing the inconsistent findings (Downs & Mohr, 1976; Fennell, 1984). The tendency has been to treat all innovations the same, yet clearly innovation types can vary along dimensions of tangible and intangible, whether the innovation was by choice or mandated, and whether it was internally or externally generated (Fennell, 1984). Other scholars have further questioned DOI models which fail to take into account the development of concurrent and competing innovations, which can affect diffusion rates (Fennell, 1984; Lee et al., 2003). These issues have yet to be fully resolved.

*Pro-innovation bias.* Perhaps the overarching discussion concerning gaps in DOI research is the recognition that it inherently has a pro-innovation bias (Abrahamson, 1991; Downs & Mohr, 1976; Kimberly & Evanisko, 1981). Innovation is associated with efficiency and improvement, both considered positive and good things to strive for and to possess. As Downs and Mohr suggest, "the act of innovating is still heavily laden with positive value. . . . Unlike the ideas of progress and growth, which have long since been causalities of a new consciousness, innovation, especially when seen as more than purely technological change, is still associated with improvement." (Downs & Mohr, 1976, p.700). As with any bias in research, the bias itself has a fundamental and limiting influence on the research questions asked. In the case of DOI the result was an almost exclusionary focus on one aspect: diffusion speed.

Time is an intrinsic component of the diffusion process, so while it is natural that research questions include time-based elements, the focus on diffusion speed seems to have been all-encompassing. As evidence, scholars have pointed to three primary themes in DOI research, all of which relate to the question of speed: discovering and measuring rates of diffusion; early vs. late adopters and how to persuade laggards to adopt; and scrutinizing network structures that facilitate or inhibit the adoption sequence (Abrahamson, 1991; Rogers & Shoemaker, 1971; Ryan & Gross, 1943). Not only has the focus been on diffusion speed, the underlying assumption was that faster diffusion is better than slow diffusion. While certainly true for many innovations, rapid diffusion is not always desirable (Lee et al., 2003). For example, the success of the fax machine depended upon relatively rapid diffusion since it required both a sender and receiver to be useful. By contrast, from a marketer's perspective a slower diffusion allows time to establish market share prior to competitors launching knock-offs and before the innovation becomes a ubiquitous commodity. Still, whether rapid or slow, the DOI research questions have been about speed. A plausible explanation regarding the roots of pro-innovation bias and diffusion speed is summarized by Abrahamson (1991) as a logical outcome of the post World War II era. In the robust economy, industries expanded rapidly by offering innovative products and services, and the public learned to adopt quickly, providing fertile ground for pro-innovation biases to develop. Kimberly (1981) predicted, however, that the change in social context

brought about by the 1980s and 1990s would be echoed in the literature on innovation, and that a "more skeptical view of innovation is likely to emerge" (p.587).

Certainly skepticism has emerged, and along with the acknowledgment of pro-innovation bias scholars have questioned other assumptions embedded into DOI research. The assumption that adoption was the best, or rational, choice led to the belief that the rational choice was also the efficient choice (Rogers & Shoemaker, 1971).

*Efficient-choice perspective.* Taking the *efficient choice* perspective, adoption of the innovation occurred because it was the most efficient option; therefore, the inference was that innovations fail to diffuse because they are inefficient. This perspective, which has heavily influenced the DOI literature, relies on a model in which potential adopters freely and independently make rational, efficient choices (Abrahamson, 1991; Rogers, 1995). Stated as a counterassumption, it suggests that a rational adopter never makes a technically inefficient choice, and that they never reject a technically efficient one. The counterassumption statement pinpoints the bias more clearly, and scholars have identified perspectives likely to influence the decision-making of the adopter unit and undermine the efficient choice perspective. External sources from outside the potential adopter can assert pressure or mandates which influence the decision-making (the forced-selection perspective.) Conditions of uncertainty in the

decision-making process may prompt potential adopters to simply copy others (the imitation perspective.) These considerations predict that under certain circumstances it is quite possible, if not probable, that potential adopters will make a technically inefficient choice (Abrahamson, 1991; Kimberly, 1981; Rogers, 1995).

Just as individuals sometimes choose inefficient innovations or fail to adopt an efficient one, the same holds true for organizations. Abrahamson has asked, "When and by what process are technically inefficient innovations diffused or efficient innovations rejected?" (1991, p.587). Beyond examining the efficient-choice and the forced-selection perspectives applied to organizations, his research encompasses perspectives which postulate that groups imitate the adoption decision of other internal groups (the fad perspective) or external groups (the fashion perspective) especially when ambiguity exists concerning the innovation. A factor not to overlook is that while adoptions arising from fad or fashion may not reap efficiency benefits for the organization, neither are they always harmful. Even the appearance of innovation may be beneficial for an organization, both for its members as well as external opinions. Scholars have posited that the process of communicating about multiple innovations, including inefficient ones and even if they are not actually adopted, may contribute to a fertile ground giving rise to other, truly efficient innovations (Abrahamson, 1991).

O'Neill has also drawn on Abrahamson (1991), noting that both efficient and inefficient adoption strategies can co-exist within an organization, a paradox "most vexing when a widely adopted strategic choice is dominated by inefficient applications, wherein the majority of adoptions are inefficient" (O'Neill et al., 1998, p.98). One example is the TQM business management programs which proliferated in the 1980s and 1990s (Ahire & Ravichandran, 2001). Whereas most research now shows that few businesses actually achieved process improvements or efficiencies (O'Neill et al., 1998), TQM dominated because the assumption by the later adopters was that the early adopters knew something they did not know. Institutional theory holds that later adopters do so even without clear evidence the innovation is better or more profitable, until the innovation becomes a normal and legitimate part of the organization or group (Lee et al., 2003). Supporting Rogers' attribute theory, highly visible innovative activities are mimicked more quickly, though the early adopter's reasons for choosing the innovation are often more strategic than their imitators (O'Neill et al., 1998). Scholars point to imitation theories and bandwagon effects help explain herd behavior facilitating the spread of inefficient innovations and rejection of efficient ones.

Once an inefficient innovation is adopted into an organization, it may tend to persist because managers don't recognize its inefficiency or they recognize it but assume it will become more efficient with time, or they are inhibited from rejecting the innovation because social or political structures within the organization prevent

them from doing so. Too, the competitive dynamics from outside the organization may force the adoption and continuation of inefficient innovations simply because efficient ones are not available (O'Neill et al., 1998).

*Implementation failures.* After the decision to adopt has been made, failure of implementation can still undermine a successful outcome even when the innovation is an efficient choice for the adopter. Corporate mergers, downsizing, privatization, and implementation of TQM programs in organizations seem to be the most commonly cited examples of implementation failures (Ahire & Ravichandran, 2001; Harrisson et al., 2001). Some studies have linked implementation failures with mistaken assumptions by imitating adopters: "managers often express surprise after installing strategies that apparently had succeeded elsewhere" (O'Neill et al., 1998, p.108). Other studies have incorporated actor-network theory to describe the effect that group member cooperation or resistance has on successful innovation implementation, and to explain why some organizations reap the benefits of adoption while others fail to do so (Ahire & Ravichandran, 2001). Once the decision has been made to adopt an innovation, the initial implementation process begins when the organization either adapts the innovation to their mode of operation, or adapts their mode of operation to the innovation. Final stages of implementation are acceptance, and use. For these studies the focus has been on the process of innovation adoption; however, scholars have proposed further investigations into pre-adoption and post-adoption activities

that could also affect successful implementation and continued use after adoption (Ahire & Ravichandran, 2001).

Missing from much of the DOI research has been in-depth studies focused on innovations that failed to diffuse; in contrast, my area of inquiry does address discovering the reasons why an innovation has not diffused as expected. My research incorporates as its theoretical perspective the diffusion of innovation, specifically Rogers' attribute theory in which the characteristics of the innovation can positively or negatively affect its adoption or non-adoption. This will be used as the lens for data evaluation.

The preceding section reviewed the literature on diffusion of innovation, detailing Rogers' theory and highlighting types of innovations and various DOI models based on social and physical sciences. Gaps and biases in the DOI literature were identified, and I explained how my research added to the body of knowledge. The next section is a review of the literature on women business owners, including the legislative history that explains policy decisions affecting them. Also presented are detailed statistics to support the reported disparity in federal and corporate procurement practices as it pertains to women business owners.

*Literature on Women Business Owners*

For the purposes of citing statistics in this document the reader is to assume, unless otherwise noted in the text, that the scope is limited to include only privately-held businesses which are at least 51% female-owned, making them the

majority owners. This is consistent with the focus on WBE certification, since the woman must prove she owns at least 51% of the business to qualify for certification (NWBC, 2004). Further, the terms *business owners* or *self-employed* include entrepreneurs who have founded one or multiple businesses, franchisee owners, and those who have acquired a business by any other means (such as inheritance or purchasing an existing business.)

Women business owners have been the subjects of only a relatively small number of scholarly studies, the majority of which draw upon previous studies focused on male-owned firms. This should not be surprising, since most studies concerning business ownership or entrepreneurship have focused on males for obvious reasons: until recent years there were relatively few women business owners in the mainstream (Bird & Brush, 2002; Shane & Venkataraman, 2000). However, in the last thirty years the number of women business owners has skyrocketed. Of the 21 million privately-held businesses in the United States, fully 30%, or 6.7 million, are majority-owned by a woman (CWBR, 2002; NWBC, 2004). Compared to the 1970s when the rate was 4.6% (Bird & Brush, 2002), women business owners have become a significant economic force (Edley, 2000), as evidenced by the following statistics released in August, 2004 by the Center for Women's Economic Research, the most cited source for research on WBOs: The 6.7 million firms that are majority-owned by women employ 9.8 million workers, or one in every eight workers in privately-owned businesses, and they are adding

jobs at more than three times the national average. They generate $1.9 trillion in annual sales, and also account for 55% of all start-up businesses over the past 5 years. Therefore, studying WBOs to understand more about this phenomenon is both timely and important (Baron, Markman, & Hirsa, 2001; Weiler & Bernasek, 2001), even as politicians and the marketplace increasingly refer to the *woman-driven economy* (Edley, 2000).

*The Influence of Male-Focused Studies*

It is appropriate to briefly examine the study of entrepreneurism as a field of research since it heavily influenced the early research on women business owners. In those early, male-focused studies of entrepreneurism, research questions tended to focus on the personal traits of the entrepreneur, an outgrowth of the enterprising individual theme which figured prominently in the literature and in definitions of entrepreneurism (Erikson, 2001; Shane & Venkataraman, 2000; Singh, 2001; Zahra & Dess, 2001). The focus soon shifted from personal traits and demographics of the entrepreneur to their management performance and the consequences of their actions. Other studies examined the company's attributes, such as size, or were framed in such a way that the entrepreneurial environment became the research setting (Brush, 1992; Shane & Venkataraman, 2000). But whatever the shift, the research remained deeply rooted in the masculine, as aptly reviewed by Bird and Brush (2002): Typical terms that have been utilized in entrepreneurship include the

captain of industry, the key man, the hero, the active businessman, and in the title

of the popular 1964 book by Collins and Moore, *The Enterprising Man*.

In similar fashion, early studies of women business owners borrowed from

the established paradigm and were specifically centered on the characteristics of the

woman, her demographics, social background, education, and psychological

motivations. On one hand, women business owners were studied as a compare-and-

contrast group with male-owned firms; on the other they were compared to female

executives in the corporate world, as well as stay-at-home moms (Brush, 1992;

Gatewood, Carter, Brush, Greene, & Hart, 2003). Some areas virtually unexplored

in general studies on entrepreneurship or business ownership have been relatively

well researched for women, including networking in general, building female

networks, and developing support systems (Aldrich, 1999). More recently, research

has transitioned to include more organizational aspects such as strategic planning,

management styles, and problem solving (Brush, 1996; Weiler & Bernasek, 2001).

Out of these studies came evidence that women-owners are in fact different

in many areas compared to their male counterparts. Gender differences in

management styles have been well documented in that women generally are

considered to be less hierarchical in structure, are more likely to draw upon others

and seek information in making a decision, and possibly take longer to make the

decision (NWBC, 2004). Other differences that have been acknowledged but not

fully explored are managing assets and resources in startups, prior business

experience, and education (Brush, 1992). These and other gender gaps have prompted some scholars to call for a new perspective that is "rooted in psychological and sociological theories that submit women's social orientations are more focused on relationships" (Brush, 1992, p.6). In such a theory, the female owner integrates her business as a new system of relationships into her existing social system.

Because so much of the data and theory was based on studies of males in the past, scholars question whether the data and conclusions can be applied to women as business owners with the same certainty (Bird & Brush, 2002). For example, the need for achievement as a motivating factor for becoming a business owner surfaced from research on men (Brush, 1992); therefore, it cannot be assumed that women would have the same motivating factors.

*Motivation for Starting a Business*

One of the most documented but not necessarily understood differences between male and female entrepreneurs is the motivating factors which led to them starting businesses. Instead of the overwhelmingly consistent rationale by men for starting a business—profit maximization—women are much more apt to cite personal satisfaction, self-fulfillment, and the desire to put back into the community (Smith, 1996; Weiler & Bernasek, 2001). In a landmark study by Rochester Institute of Technology, women were found to contradict the time-honored reasons for start a business:  not for the purpose of getting rich, but for better life and work

balance. This continues to be borne out by current statistics: 29% of women

owners indicated that building wealth was a top priority compared to 76% of male

owners (Barbato & DeMartino, 2002). Because their perspectives are different,

many women are prepared to exchange higher earnings for flexibility (Weiler &

Bernasek, 2001). However, this is not to imply that women never cite monetary

gains as a motivation; they simply do it to a much lesser degree than men. These

types of driving forces have been classified as *pull motivators*, and also include job

satisfaction, autonomy, challenge and achievement, control, profit goals, and

equality or recognition (Gatewood et al., 2003).

The phenomenon of the glass ceiling that many corporate women

experience also propels them into becoming business owners (Robb, 2002; Smith,

1996; Weiler & Bernasek, 2001). In a ten-year study dated 1999, women were

found to have made virtually no progress in top level corporate management or in

occupying seats in the corporate boardroom; nor were they being groomed to do so

(Daily, Certo, & Dalton, 1999). Another study shows a 2% gain since 1996 in the

number of women represented on corporate boards, but the total remains at 12.4%

(Catalyst, 2001). Limitations toward or outright discrimination against women in

the labor market has been cited by 27% of women business owners as the impetus

for leaving the labor force. Other reasons for self-employment include job security

or more general economic concerns (Weiler & Bernasek, 2001). All are examples

of *push* motivation, indicating the circumstances under which the decision is made (Gatewood et al., 2003).

For those who leave the corporate world for economic reasons, the statistics are not encouraging. While the wage gap between males and females in the labor market hovers between 10-20%, census statistics indicate that the gender profit gap is somewhat larger, but the data yields an incomplete picture as to just how wide the gap is (United States Census Bureau, 2003). To some, this is a worrisome trend because the economy is becoming more dependent on women; if profits are not high enough, women are not gaining in overall financial independence, even though they may own businesses (CWBR, 2002).

*WBO Success and Goals*

Obviously every entrepreneur begins business with a desire to be successful, but perhaps not so obvious is that business success can have a widely different definition for male and female owners. In line with some of the motivations listed above, evidence seems to support the notion that the most important measure of success for women entrepreneurs is self fulfillment, whereas for males it is most often measuring profits (Weiler & Bernasek, 2001). In addition, traits most closely associated with entrepreneurial success tend to be masculine, such as analysis, focus, control through knowledge, and interest in rapid growth (Shane & Venkataraman, 2000). Numerous theoretical studies point to what McClelland termed *achievement motivation* in his seminal work in 1961 (Erikson,

2001; McClelland, 1961), and virtually every business journal in the nation ranks achievement, or success, by business size and annual earnings in its annual lists (Kaberline, 2003). The evidence suggests that women-owned businesses are less successful than men, if success is measured by solely by earnings. However, changing the definition of success to include longevity, several studies have shown that women have a higher success rate than men:  60% of female-run companies survive compared to 46% run by males (CWBR, 2002; Smith, 1996). If a measure of success is satisfaction, research incorporating discrepancy theory has shown that entrepreneurs who primarily emphasized economic goals have lower satisfaction than do others whose motivation was elsewhere (Cooper & Arts, 1995).

Since women tend to define success differently than men, they also tend to set different types of goals (Brush, 1992). Clearly, a "fuller understanding of women's entrepreneurship requires moving beyond the limited emphasis on profit maximization to recognize the more complex reality of the social economy" (Weiler & Bernasek, 2001).

*Business Demographics*

Motivating factors for becoming a business owner have an impact on business choices made, which are reflected in the business demographics. Business demographic statistics show both areas of similarities and differences when comparing female and male-owned firms.

For women-owned companies motivation factors help to explain the slower growth and overall lower employment creation. (Hopkins, 2003). Motivation factors also influence the choices made for the legal structure of the business, resulting in more women, 85%, opting for sole proprietorships compared to 68% for male-owned firms. The remainder, 15% of woman-owned firms and 32% of male-owned firms, are organized as subchapter S, C-corporations, or partnerships (NWBC, 2004). While many factors contribute, the underlying motivation for owning a business undoubtedly also influences the choice of industry. Woman-owned firms are 51% in the service sector, 15% retail, and 9% in the areas of finance, insurance or real estate, leaving 25% in other industries. For the past several years the fastest growing categories for WBOs are in non-traditional industries including construction, transportation, agricultural services, and communications (NWBC, 2004).

Woman-owned firms show surprising tenacity and creativity. In spite of the barriers, the survival rates are comparable or higher. One study focusing on employer establishments (those with employees) shows that in a three-year period from 1997 and 2000, 75% of woman-owned businesses were still in operation, a figure on par with 75.5% for male-owned businesses (NWBC, 2004). Other studies have shown that overall, the number of woman-owned enterprises have a higher survival rate (60%) compared to their male counterparts (46%) (Smith, 1996).

Interestingly, when comparing privately-held family-owned businesses, woman-owned firms appear to be more productive. The average annual revenues are not only higher for the woman-led firms, $30M compared to $26.4M, they also produce the sales with far fewer employees: an average of 26 employees at female-owned family firms compared to an average of 50 employees at male-owned family firms. According to the study generating these figures at Babson College, women-owned family businesses are 1.7 times more productive than male owned firms (Allen & Langowitz, 2003). In addition, stability factors are higher with woman-owned firms in that there is greater family loyalty to the business and its goals, which contributes to a 40% lower attrition rate for family members who work in the business (Allen & Langowitz, 2003).

Women owners are less likely to have employees, 16%, compared to men at 27%. Further, when they do have employees there are fewer workers and the wages are lower: an average of $21,000 in wages per worker in a woman-owned firm and $27,000 in a male-owned firm. However, women are much more likely to offer employee benefits for like-sized enterprises, as well as creating a family friendly work environment. In fact, 65% of women owners stated that it was a top priority, compared to 29% of men owners (NWBC, 2004). This trend seems to be consistent with the motivation factors previously outlined for women business owners, and may help explain why WBOs experience fewer labor problems than reported by male owners (NWBC, 2003). Women-owned firms with employees

have a significantly more gender-balanced workforce, employing 52% women and 48% men. Male-owned firms employ 38% women and 62% men (NWBC, 2004).

For the purposes of this study, it is a fair question to wonder how many of the woman-owned businesses have the capacity to be considered potential vendors to government entities and larger corporations. Does industry choice or smaller size limit the WBOs to such an extent that the aforementioned 2.9% of the federal dollars spent with them becomes a reasonable figure? While there seem to be no demographic statistics expressly answering that question, it is important to note that initial assumptions may require a second look. Consider the statistic showing that 15% of WBOs are retail:  While the first thought may bring to mind stores in a shopping mall, it should not be overlooked that a myriad of businesses classified as retail are very apt to supply not only consumers but also government and corporate entities with items such as office equipment and supplies, specialty promotional items, and food industry items. Similarly, some companies represented in the 51% of WBOs in the service sector are consumer-oriented, such as pet care services or residential maintenance and cleaning. However, it also represents business services such as advertising agencies, document management and data storage, and some professional services including consulting. Perhaps a more useful statistic to help answer the capacity question would be categorizing WBO companies as business-to-business (B2B) and business-to-consumer (B2C).

Another demarcation when considering business capacity is the size of the business. Some may be tempted to assume that only the largest of privately-held businesses could supply government and large corporations. However, the fact is that many sole-proprietorships and very small businesses are successful prime vendors to large entities, as well as being in a subcontracting position. The small business owner with few or no employees may accomplish this with substantial contract labor, the ability to joint-venture with another company, or with the ability to quickly ramp up to required capacity. That point being made, it is true that the majority of companies doing business with larger entities—governmental or corporate—are more substantial in nature. The very small firms are more likely to have success at the state and local levels than they are at the federal level where the average WBO vendor has 52 employees and an annual revenue of $5.3M.(CWBR, 2001).

*Barriers*

Several of the reasons that attract women to self-employment may have ramifications that impede business success. Because of lingering discrimination that Weiler (2001) terms *quasi nepotism* in hiring and promotion behavior that favors males, women find they enter the entrepreneurial world with less management experience. The woman-owner's prior work experience and the level of task delegation she utilizes are two key components that have been shown to have some correlation on business financial success (Cuba, Decenzo, & Anish,

1983). "Difficulties involved in succeeding in self-employment are fraught with at least as many institutional realities as those noted for the formal labor market. In particular, if women-owned firms suffer from customer discrimination, even the most advantageous cost/productivity tradeoffs may be irrelevant" (Weiler & Bernasek, 2001, p.96).

Some would argue that the free market will reward good companies and flush out marginal or bad ones. Neoclassical economic theory has been used to suggest that efficient markets will tend to pay workers according to their productivity, which theoretically ensures that discrimination eliminates itself if the economics of the theory are followed to the fullest extent. Of course, the theory ignores that humans make judgment errors, that discrimination exists, and that in such an environment cost and productivity become irrelevant because other outside factors are affecting the process. Hence, gaps exist (NFWBO, 1995; Weiler & Bernasek, 2001).

What obstacles to entry and success do women business owners face? While many barriers still exist, much progress has been made since the early days of entrepreneurial studies. Some challenges are no different than for all companies, while others are now less apparent yet represent barriers more uniquely for women. Research has shown the need for entrepreneurs to have access to assistance and resources at various stages of business development and numerous entities have filled many of the gaps in the past dozen years (Brush, 1992; Gatewood et al.,

2003; SBA, 2001). Three areas seem to rise in importance as top concerns for women business owners:  access to capital, access to markets, and a lack of resources and human capital as particularly deficient for women business owners (CWBR, 2002; Gatewood et al., 2003).

*Access to capital.* Women are as sound and creditworthy as any typical business. A survey of recent research shows that discrimination against women at lending institutions has faded. Women are able to get larger business loans, but they pay a higher interest rate. However, the majority of women business owners are less likely to borrow from others, making them more likely to use credit cards to finance their business (32%) than men (21%). Women indicate that they worry more about debt, which is reflected in the lower percentage of bank loans to WBOs, 39% to women compared to 52% of male-owned firms (Hopkins, 2003).

Women are more likely to run their operations on a shoestring, using less capital to start and less to run it, yet they also have a strong record of reinvesting capital back into the business (Gatewood et al., 2003). While their firms are smaller in sales, analysis shows that the firms are equitable in profitability and employment when compared to similar male-owned firms. So for bank loans the question is more about strategic choices the WBO makes, such as choosing a slow growth business model, which affects her ability or desire to obtain a loan.

However, for women who choose a high-growth model and wish to obtain venture capital (VC), an enormous challenge exists. In the recent market of 1995-

2000, while VCs and male-owned ventures were enjoying a 10-fold increase, the share of investment in woman-owned firms rose less than one percent. Never have women achieved a higher ratio of equity funding than they have right now, which is 5%. The disparity between their share of VC when compared to their overall contribution to the U.S. economy is striking (Gatewood et al., 2003). Why are women not more successful in obtaining venture capital or private equity funding? The literature is weak in this area with the notable exception of the Diana Project, a multi-year study seeking insight on the supply and demand of equity capital (Gatewood et al., 2003).

*Resources and human capital limitations.* Ample evidence exists to show that the survival and growth of the business depend not only on the amount of financial capital, but also on the amount of human capital that the business owner is able to corral (Baron et al., 2001; Boden & Nucci, 2000) in the form of relationships, contacts, and resources. Increased depth and spread in human capital is especially important to women business owners since they are more apt to reach out to social networks for problem solving, for advice, for connections with suppliers, and for potential clients (Gatewood et al., 2003). Case studies of women business owners support the notion that women incorporate cooperative strategies much earlier and more often than men, even with the understanding that it may not result in an immediate profit, but that cooperative strategies can reduce costs

through sharing of resources. Or, others find value in unexpected opportunities though collaborative efforts (Brush, 1996).

For WBOs, the caveat concerning networks is three fold: (a) Entrenched dominant networks make it more difficult for outsiders to compete; (b) Women tend to network more with women and men with men; (Gatewood et al., 2003); and (c) Women potentially have significantly fewer contacts and networks that can be of benefit. The latter may in part be an outcome of women exiting the labor market because of the glass ceiling effect, and since many came from non-supervisory jobs their contacts at upper levels are limited (Weiler & Bernasek, 2001).

*Access to markets.* One of the obstacles to WBOs business growth is their inability to win government contracts (NWBC, 2003; SBA, 2001). While the dramatic rise in women business ownership over the last ten years has been groundbreaking in both creation and sales per firm, federal contracts awarded to them has not kept pace (NWBC, 2003; Weiler & Bernasek, 2001). In spite of the Federal Acquisition Streamlining act of 1994 which required a 5% government-wide procurement goal for women owned businesses, just 2.9% of federal contract dollars went to women-owned firms in FY2002 (NWBC, 2004). Since women own and control about a third of all businesses and have annual revenues exceeding $1.7 trillion, there is no question WBOs are under-represented in the federal procurement process (NWBC, 2003; OWBO, 2002).

At the state and local level, a patchwork of laws and statues govern procurement practices that range from having bona-fide programs showing some success to having no programs in place at all. Similar inconsistencies exist also at the large corporations, where many lack even basic procurement policies to include tracking the utilization of women (or minority) firms when awarding contracts. Even so, WBOs experience slightly more success with the large, private sector corporations, but the business share to WBOs was still only 4% in 2003 (NWBC, 2004).

*Disparity in Federal Procurement*

To put federal contracting into perspective, a company does not need to be a multimillion dollar entity to be able to provide goods and services to the government. For small business, the primary point of entry into federal contracting is as a subcontractor to a larger company, or prime. Both prime and subcontracting dollars are tracked for all small business, as well as women and minority firms, and approximately 40% of all subcontracting dollars were awarded to small business. When carved out of all federal contracting, subcontracting to women-owned firms stands at about 4.6% (as compared to the previously noted 2.9% of all federal dollars which includes prime and subcontracting awarded to women owners.)

When considering why procurement dollars spent with WBOs represent such a small percentage, it is reasonable to question the capacity of women-owned businesses to perform at the levels the required. An analysis of data from a study by

the Federal Reserve Board which focused on federal subcontracting gives insight

into this query. The study concluded that when comparing the relative capacity of

women-owned firms to all small firms, "between 14% and 24% of the overall

business capacity in the U.S. is contributed by women-owned firms" (NWBC,

2003). This shows an underutilization of women-owned businesses, and even

though the spread indicates that the data was somewhat imprecise, clearly both

figures are far above the current 4.6% currently awarded to women owners. Stated

another way, "if parity with all small firms is 1, the current disparity ratio of

women-owned small firms in the subcontracting arena is 0.6" (NWBC, 2003, p.2).

Recommendations from this study encouraged the adoption of procedural remedies

already put forth by other women's business organizations, such as ending the

practice of bundling multiple smaller projects into one enormous contract on which

only the largest of corporations would be qualified to bid. Another proposal calls

for more accountability within the system for federal departments not meeting the

5% goal (Cheng, 2002; WIPP, 2002).

Studies have documented other problems small businesses have in doing

business with government entities at all levels, including insufficient staff to spend

many hours on paperwork that the formal bidding process requires and being

forced to accept slow turnaround to get payment. These problems are compounded

for women owners in general simply because a higher percentage of them are small

firms. Further, to obtain WBE certification requires even more administrative and

technical hours to advance through the application process, and once done it ensures neither contracts or timely payment for work rendered (Wallace, 1999).

*Policy and Women Entrepreneurs*

Policy and programs targeted to further women's entrepreneurship have "developed without the existence of an underlying strategic framework" (NWBC, 2004, p1). Attempts to level the playing field have been enacted over the years in the form of legislation, which began in the1960s with the Commission on the Status of Women, the Civil Rights Act. In the 1970s women-owned businesses were added to the Economic Census, the Equal Credit Opportunity Act was passed and The President's Interagency Task Force on Women's Business Ownership was organized. The 1980s and 1990s brought 7 policy actions affecting small business, some with a focus on WBOs including the White House Conference and the Women's Business Ownership Act (HR5050) (NWBC, 2004). The roots of the WBE Certification process can be traced to the Civil Rights Act, and it took form with the Interagency Task Force. WBE Certification goes hand-in-hand with any procurement discussion, since that is currently the only way to confirm ownership and track utilization.

The intent of the program was to encourage procurement officers to utilize women-owned firms at a higher level in both the number of firms awarded contracts and the dollar amounts awarded to them. To ensure that the businesses

claiming to be woman-owned in fact were woman-owned, a certification program was devised by the SBA.

The process of obtaining WBE Certification requires submitting forms and paperwork to the certifying authority as well as having an on-site visit by them to interview the business owner, partners, and some employees. Documentation includes but is not limited to an accounting of virtually all legal documents having to do with the business, financial review which traces where funding came from to start the business, and copies of current financial statements, licenses, lease agreements, and bank account documents. Therefore, the initial process is time-consuming, and it must be renewed at intervals of 1-2 years. However, the renewals are only updates of the information already on file. Government entities do not charge for providing WBE Certification, but the two available third-party entities do charge an average of $350.00 (NWBOC, 2004).

Very few government entities accept one another's certification, nor do they accept third-party certification from sources outside the government. The result is that the WBO must fill out multiple applications, most asking for the same information but in a different format for every federal agency, state and city with which they want to do business. Thankfully, corporations long ago ceased providing their own certification and now accept numerous other sources. The call for a single, national WBE certification has been building for years and while small changes are being made in certain sectors, women business owners are far from a

nationally recognized certification program (Fraza, 1998; Morgan, 1997). For

instance, the State of Missouri was the first, and remains the only, state to sign an

agreement to accept WBE certification from a third-party certifier in addition to the

state's own program (Hanaway, 2003; Maxwell, 2003). Other activity is underway

for federal and state Departments of Transportation to become reciprocal

nationwide with one another as well as with an SBA certification program

(OSDBU, 2004).

*Affirmative Action*

Certification is the tool by which WBO participation is tracked, and once

the tracking provided hard evidence that the federal procurement dollars were

virtually bypassing women-owned businesses, remedies were sought in the form of

affirmative action programs. Three Presidents, Kennedy, Johnson, and Nixon,

signed executive orders in the 1960s to increase women and minority participation

(Rudley & Hubbard, 2000). One potential remedy was the concept of carving out a

small portion of the budget that would be earmarked specifically for certified

women, disadvantaged, or minority-owned firms; hence the name *set-asides*. Set-

aside programs limited the competition in various ways to favor disadvantaged

businesses, primarily by allowing certified businesses to compete against each

other instead of against the large, entrenched, male-owned firms. One program that

has survived is termed '8(a),' referring to Section 8 of the Small Business Act. The

8(a) program is basically a business development program coupled with access to

appropriate government contracts in which competition is only with other 8(a)-

certified companies. It is a very specific, time-limited program focused solely on

disadvantaged business owners who must go through an 8(a) certification process

to participate (Rudley & Hubbard, 2000; Wallace, 1999). This is mentioned

because it is an illustrative example program as well as being well-known, but for

the purposes of this study the 8(a) program will be excluded since its recipients are

a narrow slice of business owners that include male as well as female.

During the 1980s the set-aside programs proliferated, providing

opportunities for women-owned firms to increase sales volume toward a more

profitable business on an uneven playing field (Sonfield, 1997). In some cases what

had been suggested percentage goals for governmental departments to meet came

to function as mandated quotas. Anecdotal evidence led to charges of reverse

discrimination in which contracts were being awarded to undeserving companies

solely because of race. Constitutional challenges to these programs appeared as fast

as the programs were launched, the most noteworthy was in 1989 the City of

Richmond v. Croson. The Croson case has had far reaching implications over

affirmative action policies, and is the reason that most programs now require

disparity studies to be conducted locally to document the existence of

discrimination (Rudley & Hubbard, 2000). Currently, the 5% federal goal was

established in 2000 with the Women's Equity in Contracting Act that gives the

contracting office the ability to restrict competition for women-owned firms, up to

5% of all contracts. It is possible for this to have the effect of being a set-aside, but is not expressly one (SBA, 2000). Some scholars predict the demise or even more severe curtailment of any set-aside or goal-oriented programs.

Seen from another perspective, the discussion of affirmative action is actually one of economic empowerment and "whether or not social and public policies are able to address historical inequalities among the American citizenry" (Wallace, 1999, p.73). Is it an effective strategy to view procurement policies as a potential underpinning to facilitating economic development among groups who have historically been targets of discrimination? (Wallace, 1999). Many agree. However, others argue that set-asides may only in the short term direct resources toward women owners. In the long run resentment of such programs eventually leads to further discrimination in the marketplace. They assert that even government sponsored business counseling and training programs targeted by gender, such as the SBA's women's business centers, is questionable use of resources that could possibly be more efficiently used elsewhere. Unintended consequences of resource allocation in this way could also further resentment in the marketplace (Walker & Joyner, 1999).

Responses among women business owners to affirmative action procurement policies are mixed and not well documented. Studies do exist, however, on affirmative action and employment issues which seem to confirm that women who are assumed to be hired because of gender or race feed a negative

misconception that undermines the program's intent (Heilman, Block, & Stathatos, 1997; Kravitz & Klineberg, 2000). The beneficiaries of preferential selection can be impaired in the workplace because they are expected to be incompetent, which in turn can negatively affect their advancement and even their behavior (Heilman & Alcott, 2001; Heilman, Block, & Lucas, 1992). While these studies may be germane in a general nature to women business owners in the marketplace, there exists a large gap in research for this specific area. Anecdotal evidence seems to support the sentiment stated by a WBO in Oklahoma, "I would much rather be getting work because people are pleased with our performance than because we're woman-owned" (Nelton, 1998).

*Corporate Procurement and Women Entrepreneurs*

In more recent years large corporations have created internal processes for the purpose of tracking and expanding their utilization of women-owned firms among their vendors. RR Donnelly claims it simply makes good business sense to spend dollars with minority and women-owned firms since their employees, customers, and constituents are reflecting the changing demographics of the American population (R.R. Donnelly, 2000). Still, even with more corporations understanding that it is good for business, good for public relations, and good for their local communities to include women owners in their vendor lists, less than 5% of all corporate expenditures in the private market are with WBOs (Sonfield, 1997). Articles written in purchasing trade magazines address the issue bluntly in

describing the difference between setting up a diversity department with support and commitment from top management and creating an office for a publicity opportunities (Purchasing, 1995). The future of supplier diversity programs in corporations was the subject of a panel discussion of industry leaders in 1998 in which it was predicted that more will deploy diversity programs to improve their own competitiveness (Murphy, 1998). Apparently this is happening, but slowly.

*Research Questions*

Based on the preceding discussions of the diffusion of innovation theory and the literature on women business owners, two research questions are posed for this study. Rogers and other researchers have found that in the persuasion stage of the innovation decision process the characteristics of an innovation influence its adoption rates. By exploring the perceptions and experiences of women business owners, this study is designed to discover why more women business owners do not take advantage of an innovative program which was intended to help them: Obtaining WBE certification.

RQ1: What factors influence the diffusion of WBE certification among women business owners?

RQ2: Do the characteristics of the WBE certification program influence the WBO's decision-making process?

RQ3: Do women business owners communicate their perceptions and experiences concerning WBE certification with other women business owners?

Methods

*Participants*

Research was conducted with women business owners in Kansas and Missouri who were identified through cooperation with local organizations that maintain databases of WBOs. Included were the Kansas City Chapter of the National Association of Women Business Owners (NAWBO), the Kansas Women's Business Center KWBC), and the Kansas City Council of Women business Owners (KC-CWBO).

The participants were limited to WBOs who currently are or previously have been WBE certified, as well as those who know what WBE certification is but who have never been certified. They were further delimited to include only those who own companies in industries likely to do business with government or corporate entities which excludes consumer-oriented retail and service companies. The participant selection process was administered by both email and verbal questioning using a sample of convenience. The questions used to delimit participation appear in Appendix A.

The research was conducted using focus groups composed of participants who indicated that they knew what WBE certification was, that they were currently WBE certified, or that they had been certified in the past. It was important to include this range of responses so as to capture data from individuals who were at least marginally familiar with WBE certification as well as data from those who

have been through the process of getting certified. Many of the anecdotal stories about the process of obtaining WBE certification came from the latter group, including some who chose to reject continued adoption.

There were 22 participants in total, and the research was continued until the point of saturation was reached when continued focus groups revealed no new data. All participants signed informed consent agreements which allows for using their words anonymously in this thesis and future research.

The business demographics of each participant were captured with a survey administered on site prior to the beginning focus group discussion. The survey questions are found in Appendix B.

The survey revealed that two-thirds of the participants are currently certified; approximately one-third have never completed the application process to become WBE certified; leaving one person who was previously certified but is no longer, and one who has recently applied for WBE certification but was rejected (an appeal is in process.) Those who are certified received their certification(s) from eleven different certifying entities.

Industries represented by the participant's companies lean heavily toward business services, including advertising, marketing and public relations; business management and IT consulting; event planning and promotions; broadcast communications, and human resources and staffing. The remainder include 20% who provide tangible supplies and products (including promotional products,

printing, and computer hardware), and 10% in the construction industry. These statistics are consistent with the industry statistics for women-owned businesses.

On the whole, the participants skewed higher than national averages for women-owned companies in both longevity and business size. The number of years each participant has owned her business spreads evenly between the one with the shortest amount of time (2 years) to the one with the most longevity (25 years), making the average approximately 12 years. Fully 60% of the participants indicated annual revenues between $1M and $10M, and one participant had revenues of over $20M. The remaining participants were divided evenly with 18% in each of two groups who indicated they had lower annual revenues: those with less than $500,000, and those with revenues between $500,000 and $1M.

When asked what percentage of revenues was generated from doing business with government entities, five indicated up to 10%, 6 indicated between 10-30%, none indicated between 30-50%, and three indicated over 50%. However, eight indicated that they do no business at all with the government. In contrast, when asked what percentage of revenues are generated from doing business with large corporations only one participant indicated *none*. Seven of the respondents indicated that up to 10% of their revenues derive from corporate contracts, and the rest were evenly distributed across all higher percentages listed as choices on the survey.

*Procedure*

A few key informant interviews were conducted as a way to help confirm that the proposed questions in the focus group moderator guide would deliver data relative to the research questions. It was through this process that the decision was made to begin the focus group sessions with the broadest question (What do you know about WBE certification?) because doing so would reveal what elements were salient for each participant. It was also determined that a minimum number of warm-up questions were needed because once introductions were made, the participants seemed to instantly have a rapport with one another as business owners. My role was not only the researcher, but also the focus group moderator. As such, it is important to disclose that I am a woman business owner for 21 years; that I did get WBE certified three years ago; and that I had previously formed opinions about WBE certification based on my own experiences. Therefore, it was necessary for me to suppress my familiarity with the subject matter when constructing the questions using neutral language, and to consciously stimulate discussion among the participants without interjecting my own opinions.

The nine focus groups were conducted in Kansas City metropolitan area over a three week period in the fall of 2004. The groups were small, which helped keep the length of each session to a maximum of one hour, and all sessions were audio recorded and transcribed. The transcription consisted of 102 single-spaced pages.

*Moderator Guide*

The moderator guide was organized around discussion topics related to WBE certification. Questions were composed so that participants would discuss their perceptions about certification in general, the need for a certification program, the process of obtaining WBE certification, and reasons they are (or are not) currently certified. The moderator guide included the questions listed in Appendix C. By asking the broadest question at the outset and allowing the conversation to flow, I discovered that many of the other issues brought to light in the subsequent questions were already on the table.

*Data Analysis*

With the recorded sessions transcribed, evaluation and coding took place. Recurring elements including words, thoughts, and descriptions were grouped and coded according to emergent themes. Comparisons were made looking for similarities and differences to Rogers' model for the stages of the innovation-decision process, with particular emphasis on the participants' perceptions about the five characteristics of the innovation (relative advantage, compatibility, complexity, trialability, observability; Rogers, 1995). Four participants read a draft of the interpretation and confirmed the analysis. In particular, one participant provided additional explanation about the federal affidavit process, which clarified the description and interpretation of this aspect of the data.

The results are described in the next section. With each direct quote used in reporting the data, the participant is identified with three factors: which focus group they were in, a pseudonym, and how many years they have been in business.

Results and Interpretation

The research questions were designed to explore factors that influence the decision by WBOs to adopt or reject WBE certification. Themes emerging from the data were grouped into two overarching categories: those relating to the process of obtaining WBE certification, and those relating to the WBO's perceptions about the value and success of WBE certification as an ideological program. Within each category the researcher identified five separate but interrelated themes. Further, the thematic content is then examined using Rogers' innovation decision process as the lens through which comparisons are made. Special attention was given to the persuasion stage and the five innovation attributes therein.

*The Application Process for WBE Certification*

This section focuses on the application process and the participants' knowledge and attitudes about the process. The five themes examined are: (a) application length and difficulty; (b) confidentiality and privacy issues, (c) turnaround time, the site visit, and the renewal process; (d) qualifications of the individuals making the determination to grant certification; and (e) multiple certifications and multiple certifying entities.

*Application Length and Difficulty*

Fifteen of the participants (*n* = 22) indicated they had at one time been

through the WBE certification process. The data revealed that without a doubt, all

of them considered the overall process and the amount of paperwork required to be

a challenge, using similar adjectives to describe their experience. Some called it

tedious, cumbersome, or agonizing. Others used the words mammoth, horrendous,

too time consuming, and somewhat daunting. One said it was "an ugly process that

I was not very happy about (6: Beth, 21 years)." Another commented, "It just

seems like we got bogged down in paperwork unbelievably (2: Noelle, 16 years)."

Others explained how the amount of paperwork has had an impact on their decision

to not obtain WBE certification:

> We have just opted not to get certified in some cases—or not to show
>
> certification, or even pursue the idea of certification where it might even
>
> help us if we did. We just blow by that because frankly I don't want to get
>
> mired down in the process. (2: Jane, 2 years)

Another common point of discussion was that if the business owner did take

the step of obtaining the WBE certification application, she frequently would "just

let it sit for awhile because . . . it was just going to take too much time" (5:

Elizabeth, 22 years). One added, "You get the pile of paperwork and you think, 'Oh

man!'"(1: Lori, 20 years). She added, "At that point I just backed off." To explain

further, another WBO recalled,

I had known about [WBE certification] for a long time, but just didn't go

through the hoops to do it. Even after we had the application, it probably sat

for about a year and a half before we filled it out. It was just so

overwhelming. (1: Teresa, 23 years)

Many of the WBOs also pointed out that they were unable to delegate the

task of filling out the paperwork to employees because of the nature of the

information required, such as confidential financial details, or personally

recounting how the business owner started the business. Similar problems were

encountered by one business owner who reported hiring a consultant to assist her

with filling out the lengthy and sometimes confusing forms, prompting this

exchange between two participants: "That's kind of like doing taxes . . . You will

have to fill out all the information yourself, and H&R Block will make sure that it's

in the right boxes and format it" (8: Joy, 25 years), and the other responded, "So

that it doesn't get bounced back. I never thought about it like that" (8: Julie, 16

years).

 A few women said that at the time they applied for WBE certification, they

had no employees so the hours it took them to fill out the paperwork were hours

that could have been spent on client work. On the other hand, some said they

enlisted help from their bookkeeper or controller to gather some of the

documentation, such as financial reports and printouts.

When asked to estimate how many hours had been spent by themselves or by someone else on filling out the paperwork, the estimates ranged from 10 to 250 hours, with most mentioning a range of 40 to 50 hours. The disparity seemed to be associated with the size of the business, how complicated the business structure was, the amount of business history there was to cover, and how detailed and organized the business owner's records were. In any case, virtually all reported that they "chipped away at it" (9: Jennifer, 6 years), requiring a week or two but more often up to six months for completion once they actually started gathering the information required by the application.

Certainly the overwhelming sense of the task was exacerbated not only by the sheer volume of documents required by the application, but also by the nature of the detailed information the business owners were asked to disclose. The final packet consisted of "four inches [thick] of intense internal business stuff" (1: Teresa, 23 years), one participant declared. "This is giving you everything but my first-born!" (1: Sue, 7 years) was a remark capturing their sentiment. Around the table heads nodded when one opined, "Most of what they are asking I don't think is pertinent. I think they could cut it down" (7: Kris, 5 years). Some decried that they had to relinquish personal information: "All of your personal financial statements and everything . . . why should they need those?" (7: Laura, 8 years), and "It was not just about the business. It was very invasive" (7: Kris, 5 years).

*Comparison to Rogers' innovation attributes theory.* When speaking of the application process in this way, the participants were exemplifying two of Rogers' five innovation attributes that influence the decision to adopt: complexity and compatibility. According to Rogers, complexity refers to the aspects of an innovation that are confusing or complicated, and is therefore inversely related to the rate of adoption. Clearly the data shows that the application process for WBE certification is fraught with confusion and complication which participants freely admit derails their resolve to complete the certification process.

Compatibility is also at issue here, in that it refers to an innovation's characteristics that are, or are not, compatible with an existing framework—which in this case is the business owner and her mode of operation at her company. WBE certification as an innovation seems to be incompatible in that it requires an enormous effort by the business owner focused away from her normal daily business routine, it is not easily delegated to others, and in many cases it requires the business owner to construct or reconstruct some documents not normally kept on file.

*Confidentiality and Privacy Issues*

As fervent as the participants were at expressing their displeasure with the length and difficulty of the application, they became even more impassioned when discussing their concerns about the confidentiality of the information they were required to disclose. These women felt, in varying degrees, that their privacy had

been invaded, so it should come as no surprise that 90% of them worry about the

security of their application documents. Referring to the certifying entity, one said,

"They have no guarantee that any of it is secure . . . it really is unnerving." (5:

Elizabeth, 22 years). Another stated it this way:

> It's a major concern with all of us. They have everything. They have every
>
> personal item and business item that you could need to do anything they
>
> want to do to you. And if that paperwork is in a place where someone [else]
>
> could have access to it there is no end to what could happen. (9: Jennifer, 6
>
> years)

One participant reported that she had contacted the state about confidentiality

issues, directly speaking to someone in the department who "sounded so honest,

and he said that it never leaves the department" (1: Sue, 7 years). Verbal assurances

aside, another woman wanted assurances in writing, saying "It is scary, though,

anytime you send your entire life history and business history into a government

entity. . . . Where's the confidentiality agreement that you signed with me?" (1:

Teresa, 23 years). So while the WBOs are told that their paperwork is safe and

confidential, no certifier seems to provide the promise contractually.

While most of the participants' concerns centered around nefarious

acquisition of their records because of sloppy or absent security habits at

government agencies, several subjects elaborated further on this issue. They

explained that because of the Freedom of Information Act (also referred to as the

Sunshine Law) it would be possible for members of the public, including their competitors, to legally obtain copies of their application documents. All the competitor would have to do, it was reported, is to approach the state or city with a challenge to the WBE certification, formally invoke the Sunshine Law and request copies of the documents, pay a small copying fee, and the WBO would never know that her application documents had passed into the hands of the public. This has the potential to be devastating to the business owner in many ways, not the least of which is that her competition could have great insight into her overhead, bidding practices, and financial stability.[2] One acknowledged that most women business owners are not even aware of this threat, stating "I do think it's a real issue that has not been addressed. Who is maintaining the confidentiality of all of those documents?" (5: Elizabeth, 22 years). One stated her anxiety in stronger terms, saying that the fact of proving she is a woman business owner, and by doing so the government has taken possession of her documents, "should not be used as a weapon against me" (2: Jane, 2 years).  Another noted that even though "it's probably low risk, but it's still there. If somebody wanted to, it could create some problems" (1: Teresa, 23 years). None of the participants had actually experienced problems of this kind.

     *Comparison to Rogers' innovation attributes theory.* These examples provide valuable insight as to why the WBE certification innovation has a low compatibility attribute, both with the current adopters as well as potential adopters.

The disclosure of detailed business financial and personal information, as well as the security of documents, is clearly incompatible with the WBOs' sense of privacy and their belief that the documents should be confidential. Trust in the system is another issue that is evident from the data, and though trust is not an innovation attribute itself, the lack of trust is fostered by the incompatible nature of the system.

*Qualifications of the Individuals Making the Determination to Grant Certification*

Nearly all of the participants who were WBE certified expressed a fundamental suspicion that their application paperwork, once turned in to the state or city, is either not read at all ("I wonder if the state even looks at it"; 7: Kris, 21 years) or is "reviewed by people who really don't understand what they are reviewing" (9: Jennifer, 6 years). Put succinctly, one WBO said that "I sent in an awful lot of paperwork and I really don't know how much is really reviewed, or if they understand what they are looking at once they've got it" (5: Barb, 7 years). For some, the reason for their suspicion seems to spring from the understandable notion that if they are going to expend the effort to complete the paperwork, they would feel better about it if they were convinced that someone at least read it. Others agreed with the sentiments of one participant's comments about the mountain of paperwork: "I'm okay if they've got a review group that reviews all this stuff. That would be good" (1: Teresa, 23 years). She added, "I don't know if I'd mind all the paper and all that stuff if I really thought somebody looked at it, and it made a difference."

For other WBOs the skepticism that their application materials were reviewed by knowledgeable people was brought about by their interactions with personnel from certifying governmental agencies. Their experiences left them convinced that evaluations were being done by people who are not trained, do not understand what it is to run a business, or simply do not care. Three participants mentioned that they had to resubmit portions of their applications because the items had been misplaced at the agency, saying, "Well, they asked me for my financials three times!" (4: Carmen, 12 years). Concerning the site visit at her place of business, one business owner said, "some poor state person who has no clue what they are doing, asks you the standard questions . . . it was very insulting" (7: Kris, 5 years). She concluded, "Certification didn't seem to be very important to them . . . considering the person they sent out." Turnover problems were cited by one business owner as the reason she was on her fourth contact person when going through the application review stage with one of the government certifying entities.

In addition, participants recounted the attitudes that some reviewers displayed, ranging from a lack of urgency or concerted effort to complete the process, to "the image of the big guy versus you little peons out there" (5: Barb, 7 years). She elaborated further, saying, "I felt like they took on a personality a little bit like the old IRS image of 'We have the control and power and you will jump through hoops the way we say to.'" Three other participants shared similar stories regarding their interactions with city personnel that also illustrate why these

perceptions persist. For example, the following description of her site visit came from a WBO who had already submitted her application paperwork:

> I swear this woman was barely alive and she said, 'I need to schedule a five-hour meeting with you.' Five hours! What are you going to do with me for five hours? 'We need to make sure you are a woman-owned business. We have a lot of questions.' Of course, she kept forgetting to show up. She finally comes out and is as slow as molasses because they have to fill up this time slot. She took forever. In the first meeting, I said, 'So you're trying to find out if I'm female or not?' Then she gets back to the office and I swear it took most of a year because she kept losing [things]. We'd send them to her and she'd lose them. It was bad. (6: Beth, 21 years)

A nuance that permeated this topic was that the WBO felt powerless to complain about inept behavior of the state and city personnel because of concerns about reprisals by the very persons assigned to her case. In contrast, several other WBOs had a more neutral experience with state and city employees doing application reviews and site visits.

Three notable positive comments that were expressed related to third-party certifiers and the state of Kansas. Statements included "They understand us" (6: Beth, 21 years), and "My experience with Kansas, I feel like they really have been pretty good. I really like them because . . . I feel like there's consistency [in the personnel and the process]" (5: Elizabeth, 22 years). The participants' perceptions

about personnel from third-party entities (those other than governmental) fared

better in that they were more trusted to be knowledgeable about business and

therefore fair in their evaluations. Subsequent to the focus groups, the researcher

confirmed with a third-party certifier that their application review panels are

populated with current and former business owners, professionals like CPAs and

bankers, as opposed to government employees. However, that detail was not

specifically addressed in the WBOs' discussions.

As a summary statement for this theme, the following quote from a

participant who recently sold her company, encapsulates the frustration about and

ultimate resignation to the WBE certification process:

My honest opinion was that whoever gets this mound of information, they

probably don't even know what they're reading. They probably don't get it.

So I have to say that I let loose of that anxiety about the sharing of that

[financial] information. I didn't like that it was available, though. Still to

this day I felt that they should handle that a little differently. That was my

experience with certification in the ten years of it that I suffered through. (1:

Lori, 20 years)

*Comparison to Rogers' innovation attributes theory.* The data clustered

around the question of qualified individuals making the determination about

whether to grant WBE certification to a WBO provides a deeper understanding into

the complexity of the process. While the WBO has control over completing the

WBE application, the next steps in the process are essentially out of her control as she relies on others in authority positions to complete the process. Further, the issue of trust in the system is plainly compromised, which this data indicates may be rooted its complexity.

*Turnaround Time, the Site Visit, and the Renewal Process*

Once the paperwork has been completed, the application is turned over to the certifying entity. Most participants noted that a turn-around time of 2 to 4 months ensued before the review process was complete and they were successfully WBE certified. However, two individuals told stories of the process taking up to a year because the certifying entity continually misplaced documents that would have to be replaced by the business owner, or time would pass and then the business owner would be asked for yet one more document. One exasperated participant declared "I filled out all the paperwork and sent in all documents, and I have never heard another word. . . . It's been a good six months; definitely long enough" (5: Barb, 7 years). Interestingly, two others reported that because of special circumstances they experienced a short 1-2 week turnaround time with the city and with the state.

Included in the turnaround time is a site visit by personnel from the certifying agency to the applicant's place of business. While participants expressed concerns about the attitudes and qualifications of some of the individuals sent to conduct the site visits, as previously noted, their dissatisfaction primarily centered

on the person doing the site visit, rather than arguing the need for a site visit. Not one participant voiced a negative comment about the necessity for the process to include a site visit. "I did appreciate the thoroughness of them actually coming and sitting and watching my business operate," one person noted, "because I do think that in government today we end up with so many situations where these types of things are abused" (1: Teresa, 23 years). Another recalled that "They did do an on-site interview, which I found interesting. I didn't find that a problem at all and I can see where they'd want to come and see what is going on. That was fairly easily accomplished" (5: Barb, 7 years).

WBE certification does not last forever, so eventually the WBOs must go through a renewal process which comes due every 1-3 years for each entity with which her company is certified. Generally this process was not considered out of line in terms of necessity nor in terms of time required. The consensus: "The good news is that the reporting [renewal] is a little easier" (1: Lori, 20 years). Part of the reason the renewals are easier is that if there have been no changes at the company it is only a matter of stating so, and providing a few updated materials. The other reason is explained by one participant who said that once you become familiar with the documents they will be asking for, "You try to keep your records so that when you renew you can do the same thing over again so it's going to be a little less laborious" (9: Camryn, 15 years).

*Comparison to Rogers' innovation attributes theory.* When compared to the

previous themes, this one highlights segments of the process which have a lower

degree of complexity as well as a higher degree of compatibility. This may be

because the need for site visits and renewals are easily understood by the WBO and

are more easily administered by the certifying agencies.

Waiting an average of about three months for the application review period

did not seem unreasonable to the participants, so therefore it was compatible with

most business owners' expectations. For the unlucky business owners who

experienced the frustration of longer delays in the turnaround time periods, the

process was incompatible with their expected norms.

*Multiple Certifications and Multiple Certifying Entities*

A significant amount of confusion exists on two levels: (a) the fact that

numerous entities provide WBE certification, with little or no coordination between

them; and (b) the existence of multiple types of certifications in addition to WBE

certification, which are frequently misunderstood or provide overlapping

certification. This study has narrowly focused on WBE certification, but the

researcher notes this distinction: In some circumstances it is impossible to separate

WBE certification from other types. For example, the state of Kansas is different

than most; it does not even have a provision for WBE certification, so WBOs must

settle for obtaining DBE (disadvantaged business enterprise) certification. The

researcher confirmed with the state of Kansas that the practical difference between

WBE and DBE is that DBE certification requires the business owner to provide a *statement of disadvantage* as well as proof that her personal net worth is below a designated threshold. Therefore, if a woman business owner is certified in Kansas, her certification is technically called DBE and not WBE, even though in conversation she may refer to her WBE certification. Further, it is possible for a minority woman to obtain three different certifications: a WBE certification, a DBE certification, as well as an MBE (minority business enterprise) certification. For this study the researcher has been careful to winnow out comments made by the participants that referred specifically to certifications other than WBE.

The data show that confusion abounds. The excerpts below are a revealing record of the participants' puzzlement as they look to one another in the focus group in an attempt to reduce their own uncertainties about WBE certification:

"I'm certified with the state [Kansas], but not necessarily with Kansas City. . . . I'm not sure they have one for the city of Kansas City, Kansas" (9: Jennifer, 6 years).

"I think Kansas is different, or maybe it's the same. . . Correct me if I'm wrong because I could be just jumbling all this together" (8: Julie, 16 years).

"I honestly don't know enough information. I don't know what I'm covered on and what I'm not covered on" (2: Noelle, 16 years).

"If you're certified then I guess I don't know the different levels. Is
it city, state, county, national? I don't know the answer to that" (6: Kate, 15
years).

"I haven't found anybody at all that's knowledgeable on it and I've
gone to day-long conferences on it" (8: Julie, 16 years).

"I don't know if they have a separate one [certification] for service
[companies] or not" (9: Camryn, 15 years).

"Where do you start? Do you start at the city level? Do you start at
the state?" (8: Kelly, 15 years).

Add to this list a stupefying story that recounts what one woman says she was told:

My partner and I are 50/50 partners and she's a woman. So we are two
women, 100% woman-owned business, but one of you has to be a majority
owner because you can only certify one individual as the owner of the
company. That is 100% true." (8: Julie, 16 years)

The researcher can add with certainty the restriction she described is not true of all
WBE certifications; however it is possible that a certifier somewhere has set that
limitation in their criteria.

Even for those who successfully navigate the maze of certifying agencies
and types of certification, here is what success looks like:

I've got quite a few—I've got Kansas because you have to be certified with
your home state before you can get any other. I'm also certified with

> Missouri, Texas, the state of Washington, North Carolina, Oklahoma and
> I'm working on a couple of others. I'm also certified with a few other
> smaller agencies within a state, like Mid-America Regional Council in
> Kansas City, MO and the Kansas City ATA. (5: Elizabeth, 22 years)

And from another WBO:

> I had to get Kansas, then I got Missouri through the Department of
> Administration. Then I found out that I had to get MODOT (Missouri
> Department of Transportation) certification as well to get MODOT jobs.
> Then I got the city of Kansas City, MO certification. It wasn't necessarily in
> that order. (7: Laura, 8 years)

As these two women enumerated their many certifications, others stated that they were unaware so many existed ("I didn't realize how many different certifications there were. And since we work all over the country one certification doesn't cover all, which makes it very difficult" (2: Noelle, 16 years). Some indicated that they simply wouldn't participate ("It would seem absolutely ludicrous to me to go through certifications for every city, every county, both states!" (6: Kate, 15 years); and they commented on the negative business impact of getting so many certifications ("There is no way you can get certified everywhere. You'd have to have a full-time person [doing nothing but certifications]" (5: Andrea, 13 years).

Concerning WBE certification at the federal level, an interesting piece of information emerged:  Apparently there is no WBE certification available. Instead,

WBOs essentially self-certify by signing a declaration form, and the form is part of the bidding and contracting process, as opposed to a separate, stand-alone certification process. One participant described it this way, "That's a self-certification thing on the representation that you sign when you sign a federal contract. They have certifications and representations so that when you sign a federal contract you have to sign these [like for the Department of Labor]" (7: Laura, 8 years). Only two participants voiced this experience, and the others were unaware of it, one saying, "You could be certified on the federal level, but that wouldn't necessarily meet the criteria on a state level or even for some corporations that would want some other criteria" (3: Carla, 20 years). To verify this data, the researcher confirmed with federal administrators that the signed declaration becomes an affidavit, which has legal ramifications at the federal level and therefore would tend to curb dishonest use by those who are not in fact women business owners. The most recent change, however, came into effect on January 1, 2005 with the introduction of ORCA (Online Representations and Certifications Application). This allows a company to file the paperwork once per year online, as opposed to each and every time a company responds to a federal RFP.

The challenges created by multiple certifications are also evident in the corporate purchasing environment. While no corporations grant their own WBE certification, each company selects one or more certifying entities whose certifications they will accept. One comment, referring to WBOs, was, "Just

because they are certified for one entity or one state it's not necessarily going to

help them when they go to WYZ Corporation. There seems to be some disconnect

between these programs" (3: Carla, 20 years). Another confirmed by saying about

corporations, "They're going to ask you what certifications you have, and they may

not be able to use it" (2: Jane, 2 years). An example from one participant illustrates

this point:

> One of my large clients who's a national company said, "We'd really like to
>
> get credit for using you. Could you send us your certification?" Well, I did
>
> for Kansas City and they said, "Sorry, that doesn't qualify. We need it on a
>
> larger scale." They recommended that I go to a website with the US
>
> government and that's why I followed through at that level. I probably
>
> would go back to them and ask if the state of Kansas certification will
>
> suffice for them. If it will, I may go that route. (5: Barb, 7 years)

On the surface this anecdote appears fairly simplistic, but further reflection reveals

the barriers this WBO will face as she tries to respond to her client's wishes. First,

she will discover that she cannot get WBE certification in Kansas, so she may go

for the DBE certification—if she qualifies. As an alternate choice, she may attempt

WBE certification with the state of Missouri, but assuming that her company is

located in Kansas, she will discover that Missouri will not certify a company

located outside the state, unless the WBO is already certified in her home state. If

she tries certification from the state in which her client company resides, she may

find the same barrier. If she tries to find federal WBE certification, she will

discover that it is non-existent except for instances of self-certification declarations

signed as part of contractual work agreements. These barriers are not easily

understood by the casual observer or some WBOs.

Some participants did comment that once they had received WBE

certification from one source, the process was usually less time consuming to

obtain certification from subsequent sources because most of the information

required is very similar, even though the application configuration is different.

Evidence of this is reflected in one WBO's observations, "Everybody wants their

own little format" (5: Elizabeth, 22 years). In this circumstance the most time

consuming part is copying pages, and one individual actually used the term

"smooth sailing" (4: Carmen, 12 years) to describe her experience in acquiring

certification from a second source.

There was unanimous agreement by all participants, whether or not they are

currently certified, that one single source for WBE certification is needed. An

interesting perspective on this was voiced by one woman, who commented that

apparently it has never been an issue important enough to establish standardization

from the top down and enforce it. Short of having one central place for

certification, the WBOs called for a cooperative agreement amongst the certifying

sources: "It seems like there should be some kind of reciprocal arrangement" (5:

Barb, 7 years).

*Comparison to Rogers' innovation attributes theory.* Numerous certifying agencies with their own similar-but-different criteria coupled with various types of similar-but-different certification only add another layer of complexity to an already complex process. For the WBO, there is no alternative to the current situation.

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*Perceptions Regarding the Value of WBE Certification*

</div>

The previous section focused on the WBE certification application process, including participants' knowledge of it and their experiences in going through the process. This section will focus on other aspects surrounding WBE certification including the participants' impetus to obtain certification and their perceptions about its value. The five themes examined in this section are:  (a) the influence of role models, (b) motivating factors for WBE certification adoption or rejection, (c) potential negative connotations of WBE certification programs, (d) expected and actual outcomes following WBE certification adoption, (e) barriers created by internal systems and processes.

*The Influence of Role Models*

Two conflicting quotes give an indication of the diverse experiences of the participants when asked what they have heard about certification from other WBOs, "I've heard a lot of women say they *weren't* certified" (7: Laura, 8 years), and "I've talked to a lot of women who *are* certified" (1: Lori, 20 years). The data provided insight about role models in two parallel spheres of influence:  (a) the

WBO participants looking to their peers as role models; and (b) the WBO

participants as role models themselves to others.

Several participants were able to recall specific WBOs who they knew to be

successfully utilizing their WBE certification as an asset in their companies. Some

indicated that they had more or less assumed others were having success with it,

but could not say for sure. "I think there are good stories out there. I think I've

operated totally out of fear rather than out of success. I am assuming there are a lot

more positive stories out there" (7: Kris, 5 years), was the hopeful input from one.

Significantly, when asked about successful role models, many could not readily

recall any, saying "I can't think of one story where someone has told me they got

business because they're woman-owned certified. I don't know of one" (2: Noelle,

16 years). From another, "I can't think of any. I guess I just assumed that they were

all successful in working with the certification. I was making assumptions" (7:

Kris, 5 years).  One added, "If I knew another business was doing it and doing it

well, I'd . . . pursue that" (8: Joy, 25 years).

As might be expected, over half said that they had heard negative comments

from other WBOs, most of it centering on the problems with the process. Referring

to challenges in completing the application:  "So I can tell you that every

conversation that I've ever had with anybody is the struggle to get it done—the

timeline" (1: Sue, 7 years). Underscoring that thought, another woman reported,

"The attitudes are just very, very negative. And I think a lot of it has to do with the

time, the paperwork, that kind of thing" (3: Emily, 5 years). Of particular note was

an example recounted about a women business owners' summit sponsored by the

SBA which one participant attended. The topic of WBE certification was

addressed. She reported,

> The negative feeling among all the women in the room was just pretty
>
> incredible. You don't know where it comes from. They were like, "Oh, I
>
> don't have time. I don't understand it. I don't feel like I'm going to get any
>
> work." That was my first impression. I almost didn't do it [get certified]. (3:
>
> Emily, 5 years)

However, while one participant simply concluded "It's always a nightmare, nothing

positive" (7: Kris, 5 years), others indicated that they had heard nothing positive or

negative, calling it "a non-issue" (2: Noelle, 16 years).

Certainly WBOs communicate with one another about WBE certification,

but perhaps not with as much frequency as one might expect. About a third of the

participants said that certification had never or rarely been a topic of conversation

with other WBOs. Whatever the reasons, it was not because the participant lacked

WBO interaction:  "I do hang out with other women business owners and I've not

had a conversation about this topic specifically with them. I don't know why" (1:

Teresa, 23 years). Another said, "There's not a lot of talk about it, as much as I've

been involved in women's groups . . . I think NAWBO had several workshops on

it" (8: Joy, 25 years). More than one admitted that the focus group they were participating in was "the most I've talked about it" (4: Tammy, 6 years).

Shifting the analysis to view the focus group participants as role models for others, an interesting inconsistency becomes evident. When asked if they would recommend WBE certification to other WBOs a large majority said yes, or they strongly advise the WBO to consider it, saying, "Yes, I'd say do it and I'm glad I did it. I was proud of the fact that I was certified" (1: Teresa, 23 years). This was in spite of their previous complaints about the difficulty of the process and a lack of numerous, visible role models who are using certification successfully. However, this positive endorsement was modified with admonitions that the WBO be in an industry and have a type of client base that is more likely to inquire about their having WBE certification: "I would recommend it only if I felt like it was necessary for their target client demographic" (2: Jane, 2 years). Others went a step further, making the point that the WBO should seek opportunities to subcontract, marketing their WBE status to large companies bidding on sizeable government or corporate contracts, because these are the types of clients who are more likely to request certification. Especially in government procurement, goals for utilizing women-owned companies extend to the prime's subcontractors.

Worthy of note was one woman expressing another angle as to why WBOs should become certified, even though she didn't have this knowledge at the time she obtained her own certification. First she says that "I didn't realize it meant

subcontracting on a larger prime contract. I didn't understand the process at all" (3: Emily, 5 years). Now she realizes that for governmental purchasing departments, the goals for utilizing woman-owned companies are in part established by referencing the number of companies that appear on the WBE-certified list. In addition, the number of WBE companies also has an impact on the number of waivers the state will issue to large companies who would otherwise be subcontracting to WBOs. For example, whether or not a WBO actually does business with the state, she can have a small influence on the overall program simply by remaining on the WBE rolls. The more WBEs there are available, the less often prime contractors will be able to obtain a waiver because they claim they couldn't find any qualified WBOs. She concluded, "There's not nearly enough who are certified. So because they aren't certified, you've got primes getting waivers because they'll only use companies that are certified" (3: Emily, 5 years). Stated in this way, it is an almost altruistic reason to get certified.

There was agreement also that the WBOs considering certification investigate thoroughly where to certify, even suggesting she find a mentor among other WBOs who are already certified. Others counseled about expectations, cautioning the business owner not to depend on certification for the success of her business, and another making the point that it is a means to an end—to get your foot in the door, and from there you must be an excellent vendor. Other comments were more from a marketer's point of view in that WBE certification adds

credibility and gives an added distinction to the business, but that the WBO has to work it like any other sales channel.

*Comparison to Rogers' innovation attributes theory.* Observation of early adopters by potential adopters is at the core of the diffusion process. When discussing an innovation's attributes, this idea is captured in its degree of observability, which is positively related to the innovation's rate of diffusion. For WBE certification, successful role models are not immediately apparent from an outwardly visible standpoint because successful implementation of the innovation has to do with the way they conduct their business internally. Therefore, potential adopters seek information by communicating with peers, or near-peers, in an attempt to reduce their uncertainty about whether or not to obtain WBE certification. The subjective opinions are evaluated by the potential adopters in Rogers' persuasion stage of the diffusion process, and are highly influential in their decision making. Based on the data, WBE certification has only a moderate degree of observability in that successful examples exist but one must actively seek them out. In doing so, potential adopters are very likely to encounter negative attitudes related to the innovation's high complexity and low compatibility.

*Motivating Factors for WBE Certification Adoption or Rejection*

Statistics alone can be a motivating factor, and some of the participants did cite the numbers (2.9% federal dollars spent with WBOs) during this discussion, adding "It's just not right" (1: Sue, 7 years). In this section motivating factors are

considered on a deeper level in two ways. First, motivation is more broadly

considered and is linked to the WBOs recognizing the need for WBE certification.

Second, motivation is more narrowly considered when exploring what the impetus

was to spur the WBO into completing the application.

*The need for WBE certification.* The need for WBE certification was

unanimous, some voicing a stronger conviction about it than others. So despite the

arduous process of the application, WBOs understand that a process of some kind

is needed, even if it is flawed. They recognize that in the past, and even currently,

there are individuals who try to cheat the system by claiming a company is woman-

owned and controlled when in fact it is not. This WBO accurately summarizes,

> Well, there's no other way to really prove that you're a woman business
>
> owner without going through some certifying process that has gone through
>
> your records, your finances, gone through your corporation status to prove
>
> that you are at least 51% owner of your company and that you're actually
>
> functioning in that company—not just that you own it, but that you're
>
> functioning, managing it and running it. So they couldn't consider you . . . a
>
> woman business owner unless it's been proven, which is the certification
>
> process. That's what the process does, is prove that you are who you say
>
> you are. (3: Emily, 5 years)

*Motivating factors in the private sector.* WBE certification has little

meaning if it is not tied to percentage goals for using woman-owned companies, or

is not used to track how much business has been done with WBOs. In the corporate world a mini-trend seems to be taking hold in that more large corporations are starting to pay attention to how much business they give to WBOs. Some corporations have established utilization goals for WBOs, and the WBOs who are certified are in a better position to take advantage of the opportunities the trend creates. Hence, this corporate trend creates a need for WBE certification, or their acceptance of it.

Participants reported that some corporations are in fact actively and successfully seeking out and doing business with women owned companies. As one WBO said, "They are really proactive in trying to build those relationships" (4: Carmen, 12 years). Another WBO gave details about a notable program at a particular Fortune 500 corporation, saying it was the CEO who declared that 7% of corporate purchasing dollars must be awarded to women and minority firms. Unlike other programs, this one has incentive to adhere to the 7% goal because if the purchasing agents don't spend 7% that way, they don't get 7% of their budget. So, "if they cannot find the vendor for the $7000 portion, then they cannot spend the whole $100,000, they can only spend $93,000" (8: Kelly, 15 years). Furthermore, the CEO also declared that the WBO companies could be as much as 5% higher in pricing. This has reportedly made a difference and has been noticed by WBOs locally. One participant continued, noting what a difference an individual in top management can make: "So it's not like there is this great public pressure out

there that's made them be this way, like public pressure from shareholders. It's just an individual's passion" (8: Julie, 16 years). The corporation is specifically requiring WBE-certified firms, so if a WBO doesn't have certification the buyers would likely turn to another WBO who does.

*Motivating factors in the public sector.* Some of the changes happening in the corporate world have come from pressure by the government to private industry in the form of good faith efforts to meet the governmental goals set for using women-owned firms. Most large corporations who are awarded government contracts have cooperated with that, resulting in WBOs having more opportunities to be subcontractors. For example, one explained, "They had to meet the qualifications, so they didn't use their own people. They would hire me" (9: Camryn, 15 years). Some vendor companies have reportedly been replaced at the city level because they repeatedly wouldn't meet the goals, as one participant noted,

> You'll find some corporations that have done business with the city for decades without having those requirements to meet. All of a sudden they are no longer there. There are new players there because they refuse to accept the fact that they have to play by these new rules. So you'll find some—the kickers and the screamers, but they still go ahead and play by the rules regardless of whether or not they like it. . . .They didn't want to work with any small business. (4: Carmen, 12 years)

She also noted that "you can still get a waiver" if it is legitimate and the prime cannot find a qualified WBO. Others commented that they could understand the prime contractors' reluctance to include WBOs as subcontractors if there was no previous business relationship between the companies, if the primes just found the WBOs on a list of businesses who are certified. "I do think it's understandable, but on the other hand [we] are never going to get in if we don't have a way to get a little piece of it" (3: Carla, 20 years). Three others also used the phrase "a little piece," referring to the very small percentage goals for WBOs, including this one,

> So the government is saying, "We want to support women-owned businesses because there is such a great divide between male dominated fields and women having equal chance." So they've carved out this little piece. (4: Carmen, 12 years)

Utilization goals go hand-in-hand with WBE certification, so having goals is considered an integral part of the value of having WBE certification. Numerous comments were made such as, "I do not think they would have included me as a sub without the certification" (4: Carmen, 12 years), and "If you're not certified it doesn't count toward the goals" (4: Tammy, 6 years). The WBOs were just as certain that in many circumstances, depending on their industry, they would not be included as subcontractor at any level if the goals were not considered:

> If that [the utilization goal] wasn't on there, do you think they would call?
> Heck, no! What would they call you for? Why share the money? They don't

want to call you with it on there. They certainly don't want to share that,

period. (3: Emily, 5 years)

The WBOs observed that the prime contractors never reach a higher percentage

than the minimums indicated in the subcontracting goals, which was further

verification to them that WBOs would not be included without goals. In explaining

why WBOs should be included, one participant clearly made a distinction between

private and public money in this matter, saying,

> I noticed from corporations [acting as primes], they just really resent it but
>
> they have to realize that these are not private sector dollars. . . These are
>
> taxpayer dollars. We pay into this tax system the same dollars. We as
>
> business owners should share in that.  (3: Emily, 5 years)

Others agreed: to them, there is a distinction between public (tax) dollars and

dollars in the private sector when referring to subcontracting goals. Certainly when

public money is being spent, goals should be set and reached. Emily gave her

personal experience about the difference even small goals can make:

> These are public dollars and those public dollars should be shared with
>
> women owned businesses . . . that one little piece of a contract that . . .
>
> helped me sustain that second year in business. It was just ½ of 1 percent,
>
> but to me it was $30-40,000 [which] allowed me to sustain and build my
>
> client base. They [the prime] were very happy with my performance. (3:
>
> Emily, 5 years)

*Motivation for the individual WBO.* In the theme concerning the difficulty of the WBE application, many participants indicated that when they first received the application they did not fill it out immediately, for numerous reasons. When discussing what the impetus was for them to go ahead and get WBE certification, eleven reported that they had been asked, or in a couple of cases pushed, by their existing clients. Quoting her client, one participant said, "'You need to get certification so we can count you,' and then they made it rather critical when they said, 'If you don't, we'll get someone who does.' So I did" (9: Camryn, 15 years). Another woman remembered,

> Right at a critical moment my client said, "I'd love for you to finish getting certified." It prompted me to get the rest of that four-inch binder together. I really think that's how I ended up pulling it together. (1: Lori, 20 years)

Four participants indicated that their clients, large corporations, had never asked them about certification, while a couple of others said that while they hadn't had a conversation about it, they did occasionally receive forms from a large corporate client to fill out pertaining to certification. Two indicated that they were motivated to complete the application because a potential client had approached them with an opportunity.

Two other individuals cited a slow economy as their motivation to complete the application paperwork. They looked at it as an opportunity cost, weighing activities they could be doing against the time they spent on filling out the

application. For them, slow business in a weak economy was the incentive they

needed to invest their time pursuing additional markets, one saying, "What better

market for me to be more recession proof than the government market?" (8: Julie,

16 years).

When asking the participants who are not certified why they weren't, this

was indicative of their responses: "I think the number one thing is that you just

really don't have any faith that you're going to get any work out of them. Then

when you hear these horror stories it doesn't increase your sense of 'Wow, I'm

really going to go do this'" (3: Emily, 5 years). Certainly the negative experience of

others has influenced their decision.

Another point that came to light was the importance of having WBE

certification already complete so that the WBO could take advantage of

opportunities that tend to pop up, because when they arise the window of time to

act is usually short. One explained, "I try to keep some of them current just because

I really never know when one might come along" (5: Elizabeth, 22 years). Another

agreed and summarized about WBE certification, "Even if you don't use it, it's not

going to hurt and you'll have it in your pocket if you find the appropriate

opportunity for it" (7: Kris, 5 years).

A thought was expressed that had to do with speculating about the sheer

number of people involved in certification—aside from the WBOs themselves—

including administrators at the local, state, and federal levels, not to mention the

two national third-party certifiers that exist. Then there are the women's business

organizations and the SBA who at least attempt to promote education about

certification. The thought was that all of these people surely wouldn't be involved

in it if the whole idea of WBE certification was a sham; that there is a hope

certification will pay off for the WBO at some point. One said with a tinge of

optimism,

> There is tremendous potential benefit here. Look at all the people involved!
>
> There must be a gold mine out there . . . and so there's got to be something.
>
> There's got to be a fairy in here somewhere . . . There has to be some value
>
> in this somewhere. (6: Beth, 21 years)

*Comparison to Rogers' innovation attributes theory.* The innovation

attribute of observability came to the fore in this theme, but in a different way than

previously discussed. Corporations who have successful programs for WBO

participation, who are reaching out to WBOs and actually awarding them

contracts—these companies get noticed and get talked about by WBOs. The

programs are a visible outcome of having WBE certification.

One aspect of judging relative advantage as an innovation attribute is in

assessing whether it is better than the previous system it replaces. To be sure, WBE

certification is far from a perfect system, but when the previous condition was no

system at all the WBOs agreed that something was better than nothing. Some

would call WBE certification and its related goal setting a poorly conceived and

administered program, but so far no one has devised or suggested an alternative.
The issue has no easy answers, so for now the WBOs generally accept a flawed
solution because it is better than not addressing the issue in any way.

According to Rogers, relative advantage is the attribute which best predicts
the rate of adoption because it encompasses motivating factors such as social
prestige, economic benefits, savings in time or effort, and access to new
opportunities. It refers to what degree an innovation is judged as better than the
existing condition. Judgments about relative advantage are purely subjective as the
potential adopter weighs the benefits of the innovation with its cost (in time,
money, or resources.) When examining why WBOs would choose to complete the
application process in spite of its negative aspects, the answers given reflect their
perceptions about advantages they deem relevant. Concerning the relative
advantage of increasing company revenues, most participants did not act until
personally experiencing a concrete instance in which sales could result. Most
indicated that one reason they renew WBE certification is for the purpose of being
ready to act on short notice should future opportunities arise, and that occasionally
certification is a handy marketing tool. Aside from economic benefits, some
mentioned social aspects such as self-esteem and pride in being a women business
owner and the added legitimacy of having WBE certification. Another example of
social advantage is one of altruism, supported by a belief that each WBO who gets
certified helps all WBOs in the long run. For these reasons WBE certification as an

innovation has a moderately high degree of relative advantage. Contrary to Rogers'

assessment that relative advantage is the best predictor of the rate of diffusion, in

this case the positive reinforcement coming from the WBO's perceptions about

relative advantage are overshadowed by their much stronger negative perceptions

surrounding the other four innovation attributes (observability, trialability,

compatibility, and complexity.)

Some aspects of compatibility are evident in discussions about marketing. Is

using WBE certification as a marketing or sales tool compatible with the

company's norms? The data indicate that certification is not compatible as a driver

of marketing or sales, but is used in support of sales efforts if the issue arises.

When defined in this way, WBE certification does seem to have a moderately high

degree of compatibility in the aspect of sales for most WBOs.

*Potential Negative Connotations of WBE Certification*

A few participants seemed initially reluctant to articulate their thoughts

about potential negative connotations surrounding the issue of certification,

admitting they had never actually voiced it before. The quote below reflects one

WBO's hesitation about certification, which is a result of her perceptions to

negative connotations. A participant related this story:

I had a woman-owned friend of mine say, "Well, I don't know. I have been

talking about getting certified. It's kind of like charity, taking charity." I

wanted to slap her backwards! I said, "Are all the major corporations taking

charity?" They do billions of dollars! Why would corporations have

women- and minority-owned goals? They are not mandated by the

government. But they [the corporations] have internal percentages because

they have to go back to the government at the end of the year and say,

"Look how wonderful we are. We make sure we share these dollars or

profits with these sectors of the society." They get credit for that when they

go to get a billion dollar contract from the government. (3: Emily, 5 years)

Presumably the woman who used the word "charity" wasn't certified and didn't

understand the actual state of affairs. But this is typical of the perceptions of

certification by those who are not actively participating in the process or programs.

They misconstrue WBE certification, perhaps recalling the early days of equal

opportunity when strict quotas in set-aside programs sometimes resulted in work

awarded to minorities (WBE certification didn't exist yet) with little regard to

business qualifications or competitive pricing. Certainly if a WBO had this

misconception, it is understandable that others in the business community harbor

the same false impression. Many participants agreed, "The perception is out there,

real or not" (3: Carla, 20 years). The reality is that, far from being a handout, WBE

certification provides an opportunity that would probably not otherwise be there; it

is essentially a chance to bid on work. If the bid is on target in scope and pricing,

then the WBO has a possibility of getting the work. Percentage goals only come

into play if the bids are viable and the WBO has shown, just as any other company

would have to, that her company is capable of doing the work. Assuming a

proactive program is in place, and assuming everything else being equal, the WBO

*might* get the work as opposed to a male-owned company because of her WBE

certification. Otherwise, WBE certification (or in some cases simply declaring that

her company is woman-owned) serves as a tool for internal tracking so that the

company knows how many dollars are spent with women-owned firms. A

corporation or government entity may want to have this information whether or not

it has a proactive initiative in place.

When asked if there is a negative connotation to being WBE certified, the

answer was "Oh, absolutely" (8: Kelly, 15 years), a reaction similar in all focus

groups. One participant compared WBE to other types of certification saying,

> I think it's the same sort of perception that they have about any
>
> certification, actually. I think if they are not schooled in what that really
>
> means they might assume that you are having a great deal of problem
>
> financially, or that you are not strong financially. I think it can be
>
> misconceived to be that, but for those that know what it means I don't think
>
> it's any more of a problem than the other certifications. (9: Camryn, 15
>
> years)

Other reasons for the misconceptions about WBE certification and having

utilization goals are rooted in the natural resistance people have to being forced to

do something, especially by the government but in corporate culture as well: "It

doesn't matter what people get forced to do, they always resent it and resist it" (4: Tammy, 6 years). One participant's opinion about the unintended consequences of having goals:

> Now, if I was the procurement person and said, "You mean to tell me that I have to buy business from her just because she's female?" Then I think that's where some of the animosity that you feel comes in. Sometimes it is detrimental [and] the effect is far reaching. We as a culture, Americans rebel against edicts from on high. "You will do this and you will buy from this person." We don't take that very well and I think that's one of the reasons. (2: Jane, 2 years)

> One participant acknowledged, "I can understand it up to a point . . . the negative definitely exists and I think a lot of companies resent having to go through the process" (3: Emily, 5 years). According to another participant, the prime contractors have a preconceived notion that if they are being encouraged or forced to use a WBE, there must be something wrong with them. She continued, "Seriously, that is one reason I resisted [getting WBE certified.] I didn't want to be viewed that I needed help . . . in other words, business that I didn't earn that I was just sort of handed" (4: Tammy, 6 years). Another WBO observed that in the end, the amount of animosity or lack of it "just depends on the attitude of the corporation." Occasionally some are "very bitter and they take it out on us. . . Like it's your fault for being there! You try to appease and over-perform and nothing is

ever good enough. The experience has been a double-edged sword" (4: Carmen, 12

years). She clarified that those extremely negative experiences happened only when

there was no prior working relationship between her company and the corporation,

and the corporation was required to use some small percentage with women or

minority firms.

Significantly, a discussion about terminology revealed that some WBOs are

not comfortable with the labels, the word *disadvantaged* in particular. It is

important to note that many people in the public use the term disadvantaged as a

catch-all phrase to refer to any certification such as is the subject of this research.

One WBO, who owns a public relations firm, said that she had some concerns

about being listed as a DBE rather than a WBE. When asked for further

clarification, she said,

> Let me think this through. How do I articulate my feelings about that? I
>
> have this image, whether it's right or not, that DBE is related to targeting to
>
> give small businesses that might be experiencing racial or economic
>
> prejudice and want an opportunity to participate in the process. I don't
>
> really see myself that way. (9: Jennifer, 6 years)

It is clear from the data above that not only is there resistance on the part of

the prime contractor or purchasing agent, there is also a certain amount of

trepidation on the part of the WBO in that she doesn't want to be caught up in the

negative connotations that surround WBE certification. One woman's statement

was overt, "I think that the men's biggest complaint would be that they don't feel that I'm any more disadvantaged than them, so why should I get the business just because I'm a woman?" (8: Kelly, 15 years).

In a fascinating turn, many of the WBOs generally agreed with the first part of that statement:  that they don't see themselves as disadvantaged either. This begs the question, Why? Especially in light of economic statistics that say otherwise. Could it be that the WBOs define disadvantaged differently than minorities or other groups? The focus group data doesn't provide a definitive answer, but it does shed light on an underlying thread that seems to run through the discussions. It is a nuance that appears to be associated with respect; perhaps it is self-respect or perhaps it has to do with respect from others. As this woman put it:

> I've always looked at it [WBE certification] as something that I would have if it was important to a company that I was working with. It would perhaps benefit them but I never wanted it to be used as leverage to get business. I don't really consider myself disadvantaged; I feel like the quality of our work is competitive, our prices are competitive and *my being female has obstacles, but it's not anything that my potential customers should be aware of [emphasis added]*. (5: Barb, 7 years)

She seems to be saying that for her, the way to be equal and accepted is to act like you are equal and accepted. There is also a desire to keep her business challenges from being public knowledge. This runs contrary to the idea of obtaining WBE

certification and using it as a marketing tool for all to see. However, it fits perfectly with the overwhelming amount of data supporting the fervent wish expressed by participants that they get business because they are competitive and not because they are female. Four WBOs expressed almost identical statements: "I didn't really want to get business because I was a woman, you know?" (1: Lori, 20 years), and this one "You want to get it because you're qualified and you're good" (1: Tammy, 6 years). And this one, "We're good and that's why they should use us" (4: Carmen, 12 years). This WBO in the construction business was adamant:

> The first 20 years in business I was not certified. I expect to get the work because we're good, because we're competitive, because we do what we're supposed to do, and we're the best at what we do, and we provide the greatest value for the consumer. The issue of being a woman—in fact, I almost went the other way. We are what we are and I'm not going to wave that banner. Not that I don't appreciate the sisters who have done that in the past. I think at this point we have to just do our jobs and be equal in the world and not expect any special treatment and I don't expect anything special. (1: Teresa, 23 years)

One participant who owns a technology business, declared about her industry,

> I think it curses us in our field to say we are woman-owned. I just keep it under the radar and we get in and we do the best job. . . . I would rather

them buy because of the business reasons than because we are something or

other. (2: Jane, 2 years)

Another simply said, "I try to live in an asexual type of environment in my business

life" (1: Lori, 20 years).

While participants agreed that being hired for business reasons was their

collective wish, a caveat was still recognized:  that WBE certification was still a

tool they would use to have access to opportunities. If they had access, the WBOs

felt confident they would perform given the chance. As before, a distinction was

made regarding contracts funded with public money. Referring to the fact that

women lag behind in being awarded governments contracts, this participant

remarked,

> That's where I don't mind waving my [WBE] flag. In the government arena
>
> it's a little different; I almost feel like I have a right to some of those
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> contracts that have been bundled for years and handed out to Halliburton
>
> and all of these good ol' boys that have been up on the Capitol steps with all
>
> their people. I think it's time we spread that around and not just to women,
>
> by far, but to small business in America. They need to unbundle those
>
> contracts and give us some of what we deserve. If we do a good job, then
>
> we ought to get the business. (1: Sue, 7 years)

While being firm that she prefers to be awarded contracts because her company

provides value, one business owner also had this frank disclosure,

I've already been through the moral dilemma of, 'Am I being given an

unfair advantage?' and I've decided that, yes, probably a little bit. But I feel

like you would have to take it if it's offered to you because you still have to

earn it. In the end, you may end up with an opportunity to bid on a project,

but you're not going to earn it unless you do a good job. (4: Tammy, 6

years)

Another indicated that should her WBE certification provide a nudge someday for

her to obtain business, "Well it's an advantage that's available, and anybody with

any advantage that was available to them [should use it]. That's how business

works" (8: Julie, 16 years).

Some WBOs voiced concerns about the stigma that other, poorly

performing WBE companies might have on them. "The ones out there who don't

perform are going to hurt you. They're out there. I'm afraid that even though I'm

good at what I do, I will be classified 'another woman business owner we have to

deal with'" (4: Carmen, 12 years). She went on to make the point that it doesn't

make sense for it to be that way, since this phenomenon certainly doesn't exist for

male-owned companies. For example, if someone has a bad experience with a

male-owned company, they are unlikely to say, "I'll never hire a male-owned

company again. They're all alike!" Regardless of ownership, some companies

perform in a shoddy manner, and one woman said of the WBE certified companies,

"It totally ruins it for everybody. Then you get defined" (4: Tammy, 6 years).

*Comparison to Rogers' innovation attributes theory.* In relation to the WBOs desire to be awarded contracts because their companies provide excellent value, WBE certification is not completely compatible. In relation to WBOs desire to change the status quo and get a larger piece of the government procurement pie, WBE certification is highly compatible. In relation to the image WBOs have of their companies, WBE certification is both compatible and incompatible on an individual basis, depending on their marketing message and the industry in which they operate. For instances in which it is compatible with the company image, certification has a higher degree of relative advantage as perceived by the WBOs.

*Expected and Actual Outcomes Following WBE Certification Adoption*

Certainly prior expectations set the stage for later judgments on the success of WBE certification. Here the prior expectations mirror some of the motivating factors for obtaining WBE certification. To summarize, prior expectations included a desire to increase sales revenue by tapping into new markets (primarily government) and take advantage of opportunities that might exist because of utilization goals within large corporations. The difference between expectations and actual outcomes was considerable for some, and moderate for others, depending on the amount of increase in sales that had been expected or hoped for. In no case did a participant say that the actual outcome had exceeded their initial expectation. Several said that they entered into WBE certification with a preconceived notion that if they could just get on a list of certified companies, calls would come in. One

said, "You think it's going to help you; I've changed my mind on it a little bit" (1: Sue, 7 years). Another said, "Now I think, unfortunately . . . it sounded really good, but then the return on that investment of time and energy didn't really seem to be there" (1: Teresa, 23 years). Others also formed an opinion about the return on investment, saying about government contracts, "For the amount of work and effort that is required . . . I can't get any immediate value back" (8: Julie, 16 years). Another concluded that,

> Government money is very expensive money. That actually turned out to be very, very true for us. We put in way more time and effort than we got . . . you know, it just didn't work. So we did not make any attempt to renew it. We just stopped. (3: Carla, 20 years)

But, she added, "Some of it could have been us," in that they had underestimated the amount of time it takes to work at the pace of, and within, a large government structure. At this point, another participant wondered about the value of going after government work at all, "If government contracts become the most expensive work you do, is it really even helping you?" (1: Teresa, 23 years). Other comments with similar sentiment included that it is too much of a headache, and that the WBO as subcontractor must charge less than the market rate so that the prime can mark it up. The result is, "you give away money that you shouldn't have to give away" (2: Noelle, 16 years).

Of the 14 participants who are currently or previously WBE certified, five reported that no increase in sales could be attributed to their WBE certification ("For all that work it hasn't benefited us. I'd love to have it benefit us, but it hasn't"; 6: Beth, 21 years). However, several of those did amend their answer to say that in fact they were uncertain; if they had gotten business in that manner they were unaware of it. One said, "I honestly don't know if I've gotten any business as a result of it" (2: Noelle, 16 years). Two indicated that while it had not resulted in work yet, they had been invited to bid on some things they wouldn't have otherwise, "So I have seen some response from it" (9: Jennifer, 6 years). Another reported, too, that a potential client as well as a current client had at least asked her about it. The industries represented in this group were all business services, including marketing, research, event promotions, consulting, broadcast communications, and personnel services.

A second grouping of six other participants reported that they had experienced some increase in sales directly or indirectly attributable to their WBE certification. They cited one or more contracts, though the majority indicated the volume was small. Five of them said similar statements to this one, "It has benefited me to some degree, but it is still not a major part of my business" (9: Camryn, 15 years). Another mentioned that WBE certification had been beneficial to her in that she retained a current client. She said that her certification was an added bonus to them when they came upon the situation of needing to meet

utilization goals on a state project. Industries represented by this group include

printing, graphics, event planning, corporate HR services, and construction.

A third grouping of only three participants declared that they had been able

to turn opportunities into significant sales. One said this, "I would say that the best

thing is our government contracting is finally taking hold and taking off after two

years. We're seeing some progress" (7: Laura, 8 years). Another told of her

experience in starting with a smaller contract, and the size of the next contract was

ten times as large. An interesting success story was told by a WBO who owns an IT

company. Her first contact with the corporation was when they had selected her

from a list of certified business owners: "I'm working with a prime contractor, a

pretty big corporation, and they are the best. I have the best relationship with them.

. . . So we got recommended and we've had this wonderful relationship ever since"

(4: Carmen, 12 years). Another said that the business she got as a direct result of

her certification during her first few years in business made an enormous difference

in keeping her cash flow going. The industries represented in this group were

construction, video services, and IT consulting. The percentages representing

successful utilization of WBE certification is fairly consistent with the data

reported under the theme about role models, concerning what the participants had

heard from other WBOs about their success with utilizing WBE certification.

Numerous participants said that many times the purchasing entities, whether

government or corporate, simply don't ask about WBE certification, or if they do

ask, the WBO is not aware that her certification had any bearing on their selection

of vendor. One recalled of a government contract, "I know I got a couple of

contracts. . . I won them because I was the lowest price. They did ask if I was

woman-owned, but I believe that it had nothing to do with their decision; it was

strictly price" (7: Kris, 5 years). Others said that for some city and state bids there

is a box to check indicating that you are a WBO, and some said that "they never

ask." One observed that while the buyer may not ask, if the WBO is in the

company's certified database her entry is flagged as WBE. Another said that

government entities are more likely to ask about certification than corporate. This

statement was supported by four other participants, one giving this example about a

three year contract with a major car manufacturer:  Her company was one of 5

selected from a field of 200 to be a preferred vendor. "We were the only woman-

owned business out of the five and so our whole thing was, 'Oh, wow, does this

mean we need certification now?' The answer was 'no;' it doesn't matter, which is

really stunning" (8: Julie, 16 years).

A few knew that in the corporate world, the purchasing departments often

operate independently from utilization goals. "At the end of the year they ask,

'What was our percentage?' and hope they filtered through enough of those

contracts. I never got the impression it was a priority" (7: Kris, 5 years). Another

participant confirmed that she imagined someone at the corporation saying after the

fact, "Oh yea, they might be [WBE] so let's send them this paperwork" (2: Jane, 2

years). However, even with purchasing agents' failure to request WBE

certification, some others indicated value in that they used the WBE certification to

set their businesses apart. One WBO said, "What it has done is help get my

business attention. I use it to a certain degree as a promotional marketing tool" (9:

Jennifer, 6 years). So there may be some intangible value to certification that is

difficult to relate to specific sales.

Another outcome of having WBE certification is an understanding and

acknowledgement that once you have it, the process doesn't end there. Having

certification is a means to an end, and the WBO must "work it." Simply put by this

WBO,

> If you sell it and promote it, then it has great value. If you don't then it has
>
> no value to you. You have to be willing to put the effort into it if you're
>
> going to not only fill out the paperwork, but then benefit from the
>
> certification. (1: Teresa, 23 years)

Some of the WBOs whose results did not at all meet their expectations reflected on

the possibility that they could or should have done more with it,  "Perhaps we

didn't pursue it hard enough" (1: Teresa, 23 years). There was general agreement

that the WBO learns she must treat the WBE certification just as she would any

other new market, and that it is a sales channel which requires attention. One WBO

corroborated that notion with this comment, "It's definitely true—if you don't

market to them, they don't call you. I haven't heard anything from any of these

people" (5: Elizabeth, 22 years).

    *Comparison to Rogers' innovation attributes theory.* Referencing Rogers'

flow chart of the innovation decision process, the persuasion stage is followed by

the decision stage, which is followed by the implementation stage. This theme

overlaps into the implementation stage in that it has to do with the WBOs'

experiences as they attempt to successfully utilize their WBE certification. As such,

it is another tier of complexity in an already very complicated innovation.

    It is at this stage that the innovation has a high degree of trialability, in that

the WBO can choose to try it a little or a lot, with current or new clients or markets.

If she does not experience success, she may choose to discontinue the adoption; in

other words, she will not renew the certification.

    Questions of compatibility in this theme have to do with WBE certification

fitting in with the way the WBO attracts new business, as well as her system of

pricing and bidding. Does the government's RFP (request for proposal) process fit

with their current bidding and proposal structure? Is the WBO willing and able to

accommodate the corporation's purchasing processes?

    When considering the relative advantage attribute, most, but certainly not

all, of the participants agreed that for the time and effort involved, the advantages

of WBE certification do not equate to a good return on investment. The prior

expectation of increased sales is not the only measure of value, but it is the primary one.

*Barriers Created By Internal Systems and Processes*

Barriers are not always overt. The data show evidence that internal systems and processes sometimes become barriers to entry when a WBO attempts to utilize her certification when going through the sales process with large corporations and the government. While some corporations experience success with their programs to utilize vendor WBOs, others struggle, or it is not a priority to them.

*Barriers within corporations.* Three topics of interest were: (a) the role large corporations play when public money is involved, such as when they win a large government contract and then hire WBOs as subcontractors; (b) their procurement practices when purchasing for their own use or to perform work in the private sector with clients other than the government, and (c) whether or not they have goals and programs for utilizing WBO vendors and if they do, the sincerity of their claims. A few participants acknowledged a modest increase in corporations interested in utilizing women-owned firms as vendors, and that such interests are becoming more accepted and acceptable in corporations. The changes seem slow, and some WBOs commented on possible reasons saying, "Think how many people they have in a corporation who are buying vendor services. What a challenge" (6: Beth, 21 years). From the buyer's point of view, "It's just one more process for

them [to deal with] . . . that is partly why" (6: Beth, 21 years). Another commented

that once an initiative is in place, the corporations must find the certified vendors:

> I've seen in the last year private companies and publicly traded firms who
>
> are on the diversity bandwagon now have initiatives, diversity spend target
>
> initiatives . . . Somebody waves a wand and says, "We're going to spend
>
> this much with women owned and minority owned businesses. Go find
>
> suppliers." The only way they can find them is if they are certified and
>
> classified and categorized. How you going to know? There has got to be a
>
> registry for that. (2: Jane, 2 years)

To find certified vendors, corporations tend to do one or both of the

following:  (a) give an employee the title of *diversity supplier representative* and

(b) send a representative to participate in expos whose stated purpose is to provide

a point of entry for women-owned and minority-owned firms. While both actions

were no doubt begun with the best of intentions, and while acknowledging that

some WBOs somewhere surely must have had success with them, the experiences

voiced by the focus group participants were less than glowing. After attending

numerous expos over the years, the WBOs said, "I don't know of anybody that's

gotten work through those expos. Sometimes I think they just do it for show" (3:

Emily, 5 years). Some wondered if it was just a visible, "politically correct" (8:

Kelly, 15 years) thing to do that looks good in marketing materials. The

participants who commented further said that the corporations don't come in to the

expos with specific jobs, or even an indication of what types of purchases they will

be making in the upcoming months. So in effect the corporation is just there to say

they hire women subs or women contractors. "From their perspective, they just

want you to know that they do this; they don't have anything specific" (3: Emily, 5

years).

Another reason the diversity expos don't seem to result in the desired

outcome is that the corporations usually don't send their buyers to the expo.

Instead, they send their employee with the *diversity* title who is neither a buyer nor

seems to have much influence with the buyers, according to what the participants

described. "I have never known anyone to get any of those jobs through the

diversity supplier [representatives] in the corporations" (2: Jane, 2 years).

Unfortunately, what was intended as a help has in some ways become another

barrier for WBOs; a subtle barrier, and one that would not be obvious unless

personally experienced. The following is a summation of the participants'

explanation:  The purpose of the diversity supplier representative is to find the

WBE certified companies and assist the buyers by matching RFPs with woman-

owned companies. In this way the diversity person is essentially representing the

WBO's company to the buyer. In reality this just doesn't seem to work very well.

The participants surmised several reasons for this:  (a) The corporation

doesn't really put much emphasis on buying from WBOs and therefore it simply

isn't a conscious effort on the part of persons making purchasing decisions, or (b)

Buyers are content doing business with their own contacts and resist the efforts to

include more WBOs, or (c) Internal procurement process doesn't allow for easy

matching of WBO company qualifications and offerings with current or upcoming

RFPs. This participant's opinion coincides with the input from others:

> I think that diversity people need to market themselves down the level of
>
> where the buying is happening. These people [the buyers] are changing
>
> jobs, moving in and out of companies all the time. There has to be
>
> something in front of their faces that says, "Remember WBEs as you review
>
> proposals. (6: Beth, 21 years)

From the WBOs point of view, the outcome of a poorly designed diversity

program is the same as a program conceived with insincere motives: ineffectual.

The designated diversity person within a corporation becomes yet another layer to

sell through, and if WBOs spend their time making personal contact with that

individual, they are not spending time building a relationship with the actual buyers

who make the purchasing decisions. Whether contact with the corporation is made

through an expo, or whether it is made by personally meeting with the corporate

purchasing department, once the WBO says that she is WBE certified she is

automatically shuffled to the diversity person rather than to a buyer. It's almost as

if the WBO doesn't mention that she is a WBO, she has a better chance of making

personal contact directly with the buyers. This dichotomy is confusing for the

WBO because it gives mixed signals:  Is the corporation's claim to want a diverse

vendor pool genuine? The conclusion of one participant was,

> I think they [some large corporations] are just gathering statistics to give lip
>
> service from what I gather. Most of the things I come across are lip service!
>
> For instance, going to procurement conferences and so forth and you've go
>
> the big companies there saying "Oh yes, you're woman-owned. Great! Get
>
> on our list and fill this out." Okay, then you're on their list, and that's it. (7:
>
> Kris, 5 years)

Another participant added her experience, saying that in some corporations

instead of an individual with the diversity label they have one with the title of *small*

*business representative*. This person works with all small businesses, including any

that are certified, in a similar manner. She described it this way, "They are the

mediator between the actual buyer [who is] their customer, and the small business"

(4: Carmen, 12 years). The participant confirms that the business owner, by

necessity because of the system, spends her time making personal contact with the

small business representative rather than the actual buyers. "What they do is try to

marry you up with opportunities. But they don't do that because you're on a list. . .

You have to build a relationship with that liaison" (4: Carmen, 12 years). She

reports that her company is finally, after a year or two of working it, starting to get

some recommendations by the diversity liaison to a buyer. She adds that "it takes

awhile." Finally this WBO has direct contact with a buyer, but she must begin

anew to build a relationship with the buyer in addition to the relationship she forged with the diversity liaison. While logic would question this mode of operation as highly ineffective and inefficient for the WBO, it may have grown out of necessity internally at the corporation as they process thousands of vendor contacts. It also raises a question about how often male-owned firms have had similar experiences.

The scenario described above is linked with corporate procurement departments, but it is important to note that not all purchasing decisions at a corporation go through that avenue. Certainly purchases of large contracts or commodity products and the like are routed through the procurement departments, but frequently that is not the case for purchasing services. Often the individuals making the decision to buy services are in departments like marketing (for PR services or market research), human resources (for employee relocation services), or the office of the president (whose executive secretary buys catering or speaker services.) Given that the vast majority of WBOs are in the service sector, this is a significant difference to point out. In addition, while many of these are small purchases by large corporate standards, they represent significant potential for small businesses. According to some of the participants, corporations who build their own vendor list of certified WBOs may be missing the obvious: women business owners selling services outside the procurement departments may be overlooked. As reported by one WBO when asking their client about WBE

certification, "We've asked, and 'I don't know' is the answer we get" (8: Julie, 16 years). She reported that this was true even when their corporate client contact was a woman. These comments were made by a certified WBO about two of her clients, both Fortune 500 companies with which she does significant business. When this situation happens, the corporation never knows her company is a WBE resource for them. From a different focus group came this confirming example,

> Now, I've tried getting business through the procurement people. We do only Fortune 500 clients. I tell you, they just don't talk to people who buy our services. They would like to, but the people who buy our services have no interest in hearing from procurement. I have just stopped saying we are WBE. I put it in the literature, but it doesn't mean anything to them. "Can you do the job?" is what they care about. (4: Beth, 21 years)

The focus group data are incomplete for making any judgment as to how frequently this scenario happens, but certainly this instance is worth noting.

Certainly all large corporations do not operate in the same manner, and the above evaluation is not meant to impugn all actions taken by corporations in an effort to diversify their vendor pools. It is meant as an exploration of how internal systems become barriers to WBOs attempting to do business in the large corporate environment.

*Barriers within the government.* The preceding paragraphs have focused on internal systems and processes at corporations that impede WBOs from doing

business with them. The next few paragraphs only touch on the challenges that

WBOs face when attempting to do business with the government—at all levels.

Undoubtedly these are not challenges solely to WBOs, but they are the issues most

often mentioned within the focus groups.

Based on the number of times it came up in the focus group conversations,

procurement officers in the government must have a habit of taking advantage of

WBOs for significant amounts of their expertise about a produce or service, and

then use the information to write the bid. The result of this is that WBOs are

spending time educating a procurement person for free, or as one participant said,

"So you can spill your candy, help them, and they'll milk you for the information,

and then take it out to bid" (7: Kris, 5 years). One said, "You'd be surprised how

much free engineering they dig for" (7: Laura, 8 years). Closely related to this

challenge is the ubiquitous *lowest bid* issue, which according to the WBOs,

significantly raises the likelihood that the procurement officer will buy from

incompetent companies who have been in business a short time, or who don't know

how to price, and who may not have the back end support for the product or

service. Another says, "If there's any hiccup at all at the lowest price then you

wouldn't have made any money" (7: Kris, 5 years). This is nothing new to the

government; however, the concept of *best value* is becoming more prevalent,

especially in the federal government. This allows the buyer to more broadly take

other qualities, such as support and service after the sale, into account when making a purchasing decision.

Perhaps because the government has been purchasing products and services at the lowest price for so long, the RFPs have become mammoth in size and scope. This may explain why an RFP for something simple requires 20 pages, and an RFP for something only a little more complicated can be a hundred pages. One declared, "They have such huge specs for such little dollars that you are not making any money on it! It was impossible [for me] to take the risk" (7: Kris, 5 years). Just wading through the fine points of a contract so thick costs the WBO's company money, requiring hours, days, or weeks for a small business to complete a response. Along the way bid modifications almost always come, complicating the process. One described her experience in having the RFP pulled after she had spent considerable time on it, and that after three weeks of work, purchasing withdrew the bid. Another told of her frustration in an RFP that had been posted and modified for months on end, then never brought to fruition, saying "They don't care that you've just spent a year on it. You're just damn near tears from it" (1: Sue, 7 years).

Another describes the effort her company expended to finally make the government contracting process understandable: "My employee, it was her whole job to do this—just track the government contracts. Crack the whole mystery of everything and even discover more how the process works with government

contracts" (8: Julie, 16 years). She went on to say they found out that sometimes the buyer had already picked who they wanted to work with, but was still required to release an RFP. To help ensure that the previously chosen vendor won the bid, the RFP becomes needlessly riddled with requirements that few other companies would meet. "It's just painful to learn that after the fact," she lamented. Another WBO was referring to this scenario when she said, "I can go through a bid proposal but it's not going to be a level playing field anyway. . ." (9: Jennifer, 6 years). In addition, government procurement people are notorious for never telling the companies who responded that they were not selected, and she added, "Of course, you never hear whatever happened to it, which is another thing that is just so de-motivating" (8: Julie, 16 years).

Almost as a side issue a discussion of *contract bundling* transpired. It is included here because it relates to the value of WBE certification and utilization goals in overcoming barriers to access. The practice of contract bundling by governmental entities is a barrier that keeps WBOs from participating as prime contractors. In an effort to more efficiently move through projects, procurement officers started bundling smaller projects into a single large one. This may have made their department more efficient, but it has been detrimental to women business owners. In effect, this practice assures that only large corporations could bid as prime, taking away the very projects that would have been a good match with women-owned firms and in the process once again ensuring that WBOs

remain in the subcontracting position. WBOs have been calling for the practice to

cease, saying,

> Most of the government contracts are bundled in those big bundles so the
>
> same companies get them over and over and over again. I will say that I
>
> think . . . I'm impressed with Bush as far as that goes. He has called for the
>
> unbundling of these contracts and it is beginning to work. (1: Sue, 7 years)

*Comparison to Rogers' innovation attributes theory.* As mentioned in two

previously presented themes, the issue of trust again was evident in the data, the

difference being that instead of mistrust in the process of getting WBE certified,

these trust issues were directed at purchasing and subcontracting practices in the

large corporations, as well as procurement practices and the RFP process in

government entities. Without a doubt, these internal systems and processes add

greatly to the complexity of the innovation in that WBE certification has little value

unless the WBO attempts to use it with these buying entities. This data is applicable

to Rogers' implementation stage of the innovation decision process, and it is this

stage in which adopters consider continued adoption or choose to discontinue.

## Conclusion

Grounded in the diffusion of innovation theory, this study focused on the

persuasion stage and the decision stage of Rogers' innovation decision process. The

research questions were designed to provide insight into factors influencing the

diffusion of WBE certification, including peer-to-peer communication about WBE certification. More specifically, the emphasis was on learning whether and how the characteristics of the innovation (WBE certification) affected the decision-making process of the potential adopters (women business owners.) The data revealed that the five innovation characteristics identified by Rogers as predictors of adoption (observability, trialability, complexity, compatibility, and relative advantage) do appear to strongly influence the WBO's decision-making process concerning whether to adopt or reject WBE certification.

*Observability.* In the persuasion stage, the WBO moves from the cognitive knowledge that WBE certification exists to developing attitudes about it. The data confirmed that WBOs rely on communication with other WBOs about WBE certification, but that it is not a topic of everyday discussion among them. WBOs considering certification must pro-actively seek out peers and near-peers, gathering subjective opinions in an effort to reduce their own uncertainty about whether to adopt WBE certification. Through this social interaction process the WBOs formed their own perceptions and attitudes. The data revealed that they discovered a high degree of negative experiences and attitudes from other WBOs about the certification process and value. They also found that successful role models were few and hard to identify, making modeling and imitation behavior difficult. Thus, WBE certification has a low degree of observability, which is inversely related to rate of adoption.

*Trialability*. During the process of communicating within their social networks, the WBOs rely on a vicarious trial by observing others since WBE certification is impossible to test prior to full adoption. Other than mentally envisioning how WBE certification might be applied in her company, it is only after its adoption that utilizing WBE certification can be readily tested, in the implementation stage. Therefore, WBE certification has a low degree of trialability, which is also inversely related to rate of adoption.

*Complexity*. The data indicates that virtually all of the negative experiences and perceptions WBOs encounter, whether their own or what they hear from peers, were directly or indirectly related to the innovation attributes of complexity and compatibility. The decision to adopt is only the beginning in a complicated application process that is in many ways out of the control of the business owner. Coupled with the fact that multiple types of certification exist and multiple agencies conduct their own certification process, the complexity expands exponentially. Then, if the WBO successfully obtains her certification and attempts to utilize it, she is many times met with a labyrinth of internal processes within procurement or purchasing departments that are so complex that sometimes they become barriers unto themselves. The high degree of complexity in understanding what WBE certification is, the process of obtaining it, and successful utilization of it cannot be overstated. A high degree of complexity is inversely related to rate of adoption.

*Compatibility*. The focus group data provided insights into the incompatible

nature of WBE certification with the norms of the WBOs, on three levels. First, the

application process conflicts with the operation of the WBO's company in that it

requires an enormous amount of her time focused away from normal business

activities. In addition, the application requires disclosure of confidential

information which is contrary to the WBOs' privacy comfort level. Second, WBE

certification may or may not mesh well with the company's marketing message and

objectives, since the WBOs plainly stated that they would rather be awarded

contracts because of business reasons rather then because they are woman-owned

businesses. The data also showed that the WBOs were aware of and sensitive to the

potential negative connotations WBE certification programs can have in the

business community. Negative connotations are a hindrance for some WBOs, but a

barrier for others, keeping them from utilizing WBE certification. Third, for those

who do try to utilize their WBE certification, the data documented challenges that

WBOs experience when attempting to accommodate ponderous or unfamiliar

government RFP process requirements into their company's normal mode of

operation for pricing and bidding.  Nevertheless, one aspect of WBE certification

that was strongly compatible for some WBOs was their desire to change the status

quo in government procurement by increasing contracts awarded to woman-owned

firms. If an innovation has a high degree of compatibility, it is positively related to

the rate of adoption. However, in this case the data indicates a low degree of

compatibility overall, and it therefore inversely affects the rate of adoption.

This high level of complexity and low levels of compatibility culminate in

the WBOs' skepticism or lack of trust in the system, which sometimes included

those persons administering the system. Yet, WBOs who choose to apply for WBE

certification are willing to take a chance on a system they do not have 100% trust in

because there are no alternative programs.

*Relative advantage.* Roger's research concluded that the attribute of relative

advantage is the primary predictor of the rate of diffusion: whether it will diffuse

rapidly, slowly, or not at all. This assertion would lead one to expect a more rapid

rate of diffusion for WBE certification, given the moderately high degree of

relative advantage expressed by the WBO participants. However, in this study the

strong negative reinforcement emanating from the other four innovation attributes

offset the positive reinforcement of relative advantage. Considering this, it should

not be surprising that WBE certification is an innovation that is being adopted only

very slowly, despite having a moderate to high degree of relative advantage. What

might be surprising is that *any* WBOs choose to adopt WBE certification. For the

few that do, the data show that their reasoning reflects aspects of the relative

advantage attribute: access to new opportunities, a hope for added economic

benefits, personal pride, legitimacy, or an altruistic motivation for supporting

WBOs as a whole. So while the results of this study are contrary to Roger's

predicative formula for the speed of adoption, relative advantage is an innovation attribute that does play a role in the decision-making process.

*Significance to Rogers' DOI theory*. Synthesizing the findings, the results show two areas with theoretical implications. First, the study demonstrates that WBE certification is an innovation that does not completely confirm all aspects of Rogers' persuasion stage in the decision-making process. DOI theory recognizes that at least half and up to 87% of the variance in the rate of adoption is explained by the five innovation attributes (Rogers, 1995). Further, Rogers and other researchers have shown that of the five attributes, relative advantage is the most reliable predictor of the speed at which an innovation diffuses (Rogers, 1995). If the prediction had held true for this study, WBE certification as an innovation would have diffused relatively quickly. One would have expected that having a higher degree of relative advantage would outweigh the other four attributes (low degrees of compatibility, observability, trialability; a high degree of complexity.) However, the present study shows that while a comparatively high degree of relative advantage existed for the WBOs as potential adopters, the rate of diffusion for WBE certification has been extremely slow. From a practical standpoint, this may be the outcome of having an innovation that is so complex, multifaceted, and difficult to explain that the complexity attribute trumped all of the other attributes. It may also indicate an unexplored area of DOI research. By focusing on an intangible, process-oriented innovation, the issue of complexity rises in

significance. This may advance a better understanding of how potential adopters react to innovation characteristics when the innovation is not a tangible product or technology.

A second theoretical implication arising from this study is the potential to broaden the innovation characteristic framework to include the issue of trust. The findings suggest that trust strongly affects two attributes: complexity and compatibly. The study does not indicate whether extremely high complexity and low compatibility levels breed mistrust, or whether mistrust results in higher complexity and lower compatibility levels. Nevertheless, it does raise the issue of trust and how it could or should be accommodated into DOI theory. Is trust an additional innovation characteristic, or is it embedded within Rogers' five? Teng noted that DOI scholars have singled out other innovation attributes (Teng et al., 2002), but each seems be to easily identifiable as subsets of Roger's five attributes. In contrast, the issue of trust does not seem to neatly fit into Roger's definitions of the five innovation attributes.

Taking a broader view, is trust best taken into account by expanding existing DOI theory to include it, or should new DOI theory to be developed to accommodate it? Based on the DOI literature review, Downs and Mohr, and Fennell would likely advocate for the former (Downs & Mohr, 1976; Fennell, 1984); Moch and Morse, and Rowe and Boise might advocate for the latter (Moch

& Morse, 1977; Rowe & Boise, 1974). How to accommodate variances arising from DOI research into DOI theory continues to be debated.

In this study the issue of trust encompasses both a mistrust of people and a mistrust of processes, both of which are independent yet intertwined. Mistrust in people included suspicions about unqualified persons reviewing and making judgments about the WBE application and site visit, as well as persons being trusted to keep confidential information restricted. However, both of these situations also indicate a breakdown of internal processes, either by the absence of effective processes or by failing to enforce existing processes on a fair and equitable basis. For example, an ill-trained person could be better trusted if they were required to follow an effective and written process.

Trust seems to be a characteristic that is more likely to surface when studying intangible, complex innovations. Trust has emerged strongly in this study, but not in DOI studies involving products or technology. Pro-innovation bias could also help explain why trust has not emerged in previous DOI research. The studies are primarily focused on cases of successful diffusion, and therefore trust becomes an assumed factor. Conversely, mistrust is not likely to become a strong issue if an innovation has successfully diffused. Though trust has not surfaced readily in previous DOI research, it could be an especially salient innovation adoption determinant particularly for intangible, complex, processual innovations.

*Unexpected Findings*

An interesting dichotomy emerged from the data in that there are individuals, not women owners, who are so interested in cheating the system when the WBOs themselves seem to report minimal success or advantage to having WBE certification. The cheating takes the form of attempting to obtain WBE certification when in fact the business is not majority owned and controlled by a female. Is the cheating individual assuming a great advantage exists? Or are they reacting to a request from a current client?

On a separate but possibly related topic, the WBOs seem to believe that other WBOs are experiencing much more success than they are with their WBE certification. It is possible this assumption is reinforced because the data showed that WBE certification is not a subject of frequent discussion among WBOs, so their assumption may be that no news is good news—and it might be. Is it possible there are significantly more success stories, but the WBOs just don't trumpet the fact to each other? If so, why? Could it be an unconscious reaction or sensitivity by the WBO to the potential negative stigma concerning WBE certification?

Three participants in different focus groups mentioned another perspective which explained how even successful utilization of WBE certification could in the long run have a potential negative affect on the WBO's business. The first said that she was planning to retire soon, and that her son would take over her business so it would not longer be woman-owned. She wondered if it would make a difference to

some of her clients, who might find another WBO company instead. The second

speculated about the possibility of a WBO becoming dependent on her status with

WBE certification to the detriment of expanding her client base. The third said,

"Let's face it, we all build our businesses to sell them. That's going to limit the

person you can sell your business to, if your business is based on being WBE then

your buyer has to be a woman" (1: Lori, 20 years).

*Recommendations:  Prescriptions for Process Improvement*

The present study offers practical applications for process improvement.

While it advances our understanding about the diffusion of WBE certification, the

data also suggests improvements to the system. In other words, the participants

frequently voiced opinions on the way things ought to be based on their

experiences.

With overwhelming support, the number one improvement mentioned by

nearly all participants was the need to devise a system so that the WBOs would

only need to obtain WBE certification from one source. This could be

accomplished with reciprocal agreements among certifying entities, or by

eliminating the many certifying entities in favor of one single, national source of

certification, administered consistently, which all entities would accept. The

application experience could also be improved by changing the attitudes of some

persons administering the WBE certification process:  leaving behind the old

authoritarian attitude of *I'm here to keep you out*, and moving to a more progressive

attitude of *I'm here to help WBOs get certified*. In addition, prudent program

managers should recognize that poorly trained employees put in a position of

making business judgments beyond their knowledge not only leaves a bad

impression with WBOs, it undermines the system.

Inaccurate information spread through formal and informal channels was

the cause of much of the confusion exhibited by the participants about WBE

certification. Some did indicate that a trusted source of easily accessible

information about all certifications was needed. In this way WBOs prior

expectations may be more realistic, and she may be able to avoid obtaining

certification from sources not really applicable to her business.

Based on the data, corporations should review their internal purchasing

processes with an eye toward reducing barriers and increasing communication

directly between WBOs and purchasing agents. In addition, corporations should

seek out and review the few successful programs as role models. Likewise,

government entities should do the same, as well as more aggressively seek to meet

stated utilization goals. When asked about the federal government's lack of

incentive to meet their 5% goal for WBOs, one participant said, "If there were

some carrot or stick for each department to reach 5%, would that make a

difference? Yeah, that would make a difference, yes!" (3: Carla, 20 years). Another

noted that WBOs could be more involved and active in going after those dollars,

because "we aren't pressuring the agencies" (3: Emily, 5 years). So the impetus for process improvement could lie with the WBOs themselves.

*Limitations and Qualifications*

A strength of this study is that all 22 participants were the owners of businesses who had knowledge about, or experience in, WBE certification. Two-thirds of the participants were WBE certified, and all have businesses in Kansas or Missouri. Thus the data was not based on hearsay but on personal experience. However, the data should be interpreted with the understanding that with a homogeneous group the potential for capturing salient data outside their frame of reference decreases. A further limitation of the study is that all participants were chosen as a sample of convenience, based on their willingness to participate once other demographic criteria was met. Confirmation that the data has validity was accomplished by four participants from different focus groups who read the result summaries and gave feedback to the researcher.

A potential bias in the data should be noted in that the data was self-reported and therefore may have underrepresented the WBOs own failures at some points in the application process, such as submitting incomplete application materials to the certifying entity and thereby causing her own delays. Another bias may be in the accounts of why and how the outcomes of utilizing WBE certification did not yield the expected results; again, contributing factors could have been the WBO's lack of follow-up or tenacity in the sales cycle. A potential

bias also exists in that the researcher has been a woman business owner for 21 years, and has been through the process of obtaining WBE certification.

The qualitative nature and the design of the study does not allow for establishing causation between the factors studied and the diffusion of WBE certification. Instead, the study serves as an initial attempt to identify WBOs' perceptions about the characteristics of WBE certification. The study does support the findings of other scholars that the attributes of an innovation do influence its rate of adoption.

*Future Research*

Future research in this area could examine how prior conditions (previous practice, felt needs and problems, norms of the WBOs social systems) affect whether and how the WBO learns that WBE certification exists. Studies could examine how the characteristics of the WBOs as potential adopters influence their knowledge of the innovation, including the factors Rogers describes (socioeconomic characteristics, personality variables, and communication behavior.) Other factors arising from the literature on entrepreneurism about entrepreneurial personality types could also be compared and contrasted with Rogers' characteristics of potential adopters.

Certainly communication within social networks among the WBOs is an untapped topic, and could help explain the presence and spread of both misinformation and accurate information about WBE certification. Formal and

informal channels of information could be evaluated for their perceived credibility, and could shed light on reasons why early knowers of WBE certification do not necessarily become early adopters.

Further study could also include aspects of the implementation stage and the confirmation stage to discover how the WBO attempts to bring WBE certification within her business model, how communication about it spreads to her employees and sales people, and the levels of change that must happen within the organization to accommodate internalizing the innovation.

*Summary*

The results of this study support the anecdotal evidence that many women business owners have discussed for years. WBE certification has a very high degree of complexity; low degrees of compatibility, trialability, and observability; and a relatively moderate to high degree of relative advantage. By comparison, the attribute of relative advantage has a more positive perception by WBOs, but the degree is not strong enough to offset the negative perceptions emanating from the other attributes. These attributes contribute to a slowing or lowering of the rate of diffusion and help explain why more women business owners do not obtain WBE certification.

ENDNOTES

1. No agency or group has published collective figures on how many WBOs

   are certified, nationally or by state. This is because there are so many

   different entities providing certification that no one has been able to

   compile the data with enough accuracy that they would have confidence in

   publishing it. After discussing this issue with the director of research for the

   SBA, with the director of the national certifying entity NWBOC, and with

   the director of the national Center for Women's Business Research, I

   devised a way to deduce an estimated percentage. Therefore, the 'less than

   2%' figure used was extrapolated using other reliable data. Limiting the

   data to only KS and MO, I obtained the total number of WBOs in each state

   from the Center for Women's Business Research. Then, I contacted each of

   the nine entities who perform WBE certification and got some rough

   numbers for each of them for KS and MO only. Adding those together, I

   came up with about 1.1%. However, that method does not account for

   duplicate companies – the companies who are certified with more than one

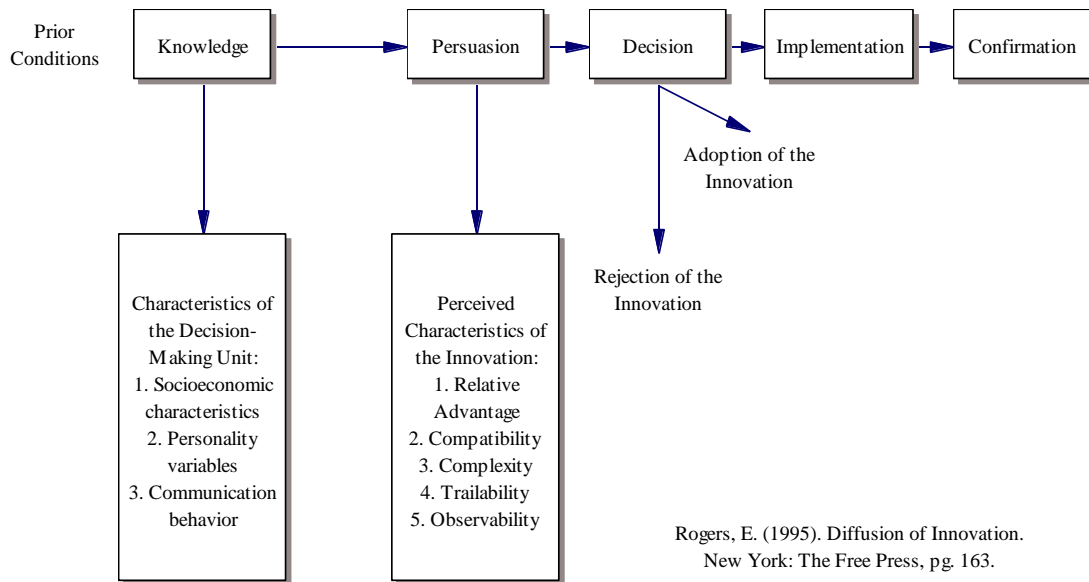   entity – which many WBOs are. (Endnote 1 reference appears on page 3.)

2. Following the focus groups, the data concerning the Freedom of

   Information Act request and scenario was confirmed by the Missouri Office

   of Administration. However, it was pointed out that some of the financial

documents are not copied and released, including the WBO's tax returns.

# FLOW CHART:  The Individual Decision-Making Process

**The Individual Innovation Decision Process**

Prior Conditions

| Knowledge | → | Persuasion | → | Decision | → | Implementation | → | Confirmation |

Adoption of the Innovation

Characteristics of the Decision-Making Unit:
1. Socioeconomic characteristics
2. Personality variables
3. Communication behavior

Perceived Characteristics of the Innovation:
1. Relative Advantage
2. Compatibility
3. Complexity
4. Trailability
5. Observability

Rejection of the Innovation

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APPENDIX A:  Participant Selection Survey

A. Concerning WBE (women business enterprise) certification:

(check the <u>one</u> that best describes you)

    __1. I've never heard of WBE certification.

    __ 2. I've heard of it, but don't really know what WBE certification is.

    __ 3. I know what WBE certification is, but have never pursued getting

certified.

    __ 4. I've started but never finished the WBE certification process.

    __ 5. I am currently WBE certified.

    __ 6. I used to be WBE certified, but am no longer.

B. What products or services does your company offer?

APPENDIX B:  Business Demographics Survey

1.  Date

2.  Name

3.  Business Name

4.  Address

5.  Phone

6.  Email

7.  Website

8.  Type of Business / description of products or services:

9.  Approximate Annual Revenues:  (Circle one)

   a.  Under $500,000

   b.  $500,000 - $1M

   c.  $1M - $2M

   d.  $2M - $3M

   e.  $3M - $5M

   f.  $5M - $10M

   g.  $10M - $20M

   h.  Over $20M

10. Years you have been a business owner _____

11. Concerning WBE (women business enterprise) certification:  (Circle the

    one that best describes you)

    a.  I know what WBE certification is, but have never pursued getting

       certified.

    b.  I've started but never finished the WBE certification process.

    c.  I am currently WBE certified.

    d.  I used to be WBE certified, but am no longer.

12. If applicable, which certifying entities have you used? _____

13. Approximately what percentage of your total revenues is derived from

    doing business with any government entity?

    a.  Up to 10%

    b.  10-30%

    c.  30-50%

    d.  50-70%

    e.  Over 70%

14. Approximately what percentage of your total revenues is derived from

    doing business with large corporations?

    a.  Up to 10%

    b.  10-30%

    c.  30-50%

    d.  50-70%

    e.  Over 70%

APPENDIX C:  Moderator Guide

1. What do you know about WBE certification?

    a. What has been your experience?

    b. What have you heard from others?

2. How long ago was it that you first heard about WBE certification?

    a. What were the circumstances?

3. Since then, how have you learned more about WBE certification?

    a. What have you heard about it from other women who are already WBE certified?

4. Have you ever asked any of your current or potential clients (government entities or large corporations) if getting WBE certification would make any difference to them as a buyer of your goods or services?

    a. If not, why not?

    b. If so, why did you ask and what was their response?

5. Have you ever made the decision to obtain a WBE application?

    a. If not, what has kept you from doing so?

    b. If so, have you ever begun the process of filling out the forms?

6. What has been your experience in obtaining and filling out the forms?

7. Who could benefit most from the WBE certification program?

8. Do you think getting WBE certified sometime in the future could be beneficial to your business?

    a. If not, what would make WBE certification a beneficial option for

    you?

    b. Or, if you are certified, do you consider it a worthwhile, successful

    program?

9. Would you recommend WBE certification to any other woman business

owner, and why or why not?

10. How could improvement be made to any aspect of WBE certification?

11. The federal government currently spends 2.9% of its budget with women

business owners, even though their stated goal for some years has been 5%.

If they suddenly made it a priority to meet that goal, what difference might

it make to your business, if any?