

Non-Technical Summary

Exploring the Heterogeneity of Women's Entrepreneurship: Impact of Family Structure and Family Policies on Entry into Professional versus Non-Professional Entrepreneurship In Europe and the US

by

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This study makes several contributions to prior research. First, we show profound heterogeneity in women's entrepreneurship in a cross-national comparison among 23 European countries and the US. Second, we highlight differences in the individual determinants of women's entry into low-skilled versus high-skilled occupations in entrepreneurship. Third, we examine the impact of country-specific institutions on women's entry into entrepreneurship, showing the association between welfare state policies which regulate women's reconciliation of family and work and entry into (non-professional) self-employment.

Female entrepreneurs represent **a strongly heterogeneous group**. Women working *in low-skilled occupations* seem to pursue entrepreneurship to combine childcare and work responsibilities (we call them 'family-oriented' female entrepreneurs). It could be shown that the *motherhood* is a strong predictor for the entry into entrepreneurship for low qualified women, a result which is strikingly similar for almost all 24 investigated countries. Albeit entrepreneurship is a job solution for highly qualified but less 'family embedded' women who enter professional occupations, but they are not pushed into entrepreneurship to reconcile family and work duties. Rather, they are pulled into it by the prospect of better earnings and career advancement, thus resembling the pattern found for male entrepreneurs (Budig, 2006).

In contrast to motherhood, which is only a predictor for women's entry into non-professional entrepreneurship, *spousal self-employment* is strongly positively associated with both professional and non-professional entrepreneurship. Put differently, women's low-skilled and high-skilled entrepreneurship are embedded in matrimonial relationships, thus supporting the contention that 'self-employment often comes in twos' (Arum and Müller, 2004, p. 446). Still, the mechanisms which underlie the positive association between spousal self-employment and women's entry into non-professional versus professional self-employment may be different. For instance, less qualified women may join husbands' self-employment activity to support their husbands' work and career. This is usually the case for low-skilled or skilled self-employment in crafts, retail, catering, and lodging, that is, typical family-run businesses (cf. Aldrich and Cliff, 2003; Firkin et al., 2003). Also, they might draw on strong ties with own husbands to compensate for the shortage of financial and human capital (Brüderl and Preisendörfer, 1998). In contrast, the positive effect of the spousal self-employment on

women's entry into high-skilled occupations could be traced back to other mechanisms: For example, self-employed husbands could play a role by serving as positive 'role models' for highly skilled women.

Moreover, our findings suggest that *institutional variations between welfare states* are responsible for cross-country variations of the occupational status of women's entrepreneurship. This complements recent work on female entrepreneurship which recommends addressing the heterogeneity among female entrepreneurs when examining institutional environments in which the entrepreneur is embedded (De Bruin et al., 2007; Jennings and McDougald, 2007). As a general pattern, countries with a *higher level of women's entrepreneurship* usually have *lower levels of women's professional self-employment*. In contrast, the highest share of women's professional entrepreneurship is found in highly regulated and conservative/corporatist welfare states of Western Europe.

Furthermore, the differences in *welfare states regimes which regulate women's reconciliation of family and work duties* moderate the effect of motherhood on women's entry into entrepreneurship. For instance, the effect of motherhood on becoming entrepreneur in non-professional occupations is the highest in liberal welfare states such as the UK and the US, where the publicly funded infrastructure for women's reconciliation of family and work is largely missing. On the aggregated level, the weaker public institutions supporting mother's employment are (for example, weak public childcare, school scheduling which do not support mothers' full-time employment), the higher the country's share of non-professional self-employed women. Besides, countries with longer paid maternity leave and thus women's longer detachment from the labor force seem to have higher share of women's non-professional self-employment. Finally, countries with higher maternity leave wage replacement (and thus higher opportunity costs of becoming self-employed) have lower rates of women's professional and non-professional entrepreneurship.

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