



# Female Solo Self-Employment - Features of Gendered Entrepreneurship

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**Abstract.** This paper focuses on the features of female entrepreneurship; mainly the solo self-employed. Based on a brief review of the existing literature we identify some major lines of argumentation, which treat female self-employment in the context of its determinants. The further discussion turns to the investigation of data from official statistics. In particular, cross-country comparisons of the development of female self-employment within the global framework of the labour market highlight major aspects and divergencies of female self-employment ratios. In the next step, the argumentation introduces the results of an own empirical survey of micro-entrepreneurs in the federal state of Carinthia (Austria), where we discuss findings based on the gender aspect. The results indicate that women run smaller companies, are largely part-time self-employed, represent the vast majority in solo self-employment, earn less and have shorter times of involvement. In contrast, well-being and happiness are likely to be higher in firms and economic activities run by women.

**Keywords:** entrepreneurship, female entrepreneur, self-employment, solo self-employment, gender.

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## 1. Female Self-Employment: What Do We Know?

The complex interaction of technological development and socio-demographic change has accelerated a structural change in the economy, resulting in a changing working environment and new forms of employment. In the field of self-employment, a growing trend towards part-time self-employment and one-person enterprises can be observed. These newly emerging firms are increasingly regarded as an alternative to wage- or salary-dependent work. Especially female self-employment plays an important role and exhibits disproportional growth rates. Female-owned businesses are one of the fastest growing entrepreneurial populations in a world of growth rates (Brush et al., 2009, Kelley et al., 2012). Do we find specific “gender patterns” within recent developments of an increasing expansion of self-employment, or will the new chances and risks lead to a greater

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equality of opportunities? Is the increase of solo self-employment of females driven by the need to earn a living, or is it the result of females taking the risk, e.g., to become more economically independent, or do women as a labour market category differ concerning their attitudes towards entrepreneurship (Dabic et al., 2012), towards growth (Dautzenberg, 2012; Costin, 2012), or regarding their social capital (Sapleton, 2009)?

When analysing social structures and patterns of inequality, gender is one of the items which highlights social disparities. Disparities are sometimes interpreted as indicators of discrimination practices and the existing literature reports four puzzles of sex segregation (Charles and Grusky, 2004). This refers to the discussion on

- a) why there is resistance to egalitarian pressures,
- b) whether men dominate the best occupations,
- c) if a worldwide segregation regime exists, and
- d) why segregation in more gender-egalitarian countries is, in some part, extreme.

Regarding the fact that divisions of social structure show significant differences in gender participation and in gender distribution, discussion has to evaluate carefully the reasons which are responsible for those gender gaps (Verheul et al., 2012; Charles and Bradley, 2009; for cross-country evaluations see Estrin and Mickiewicz, 2011).

Recent developments raise the question whether self-employment can be seen as a strategy for women to achieve a work-life balance (Kirkwood and Tootel, 2008; Wellington, 2006) and whether these changes in the organisation of work are leading to an improvement of the quality of (working) life. One of the most consistent findings in studies on women's labour force participation is the negative effect of the presence of young children on the probability of participation. It could be argued that difficulties in combining work and family enhance the transition or entry into self-employment. However, it is not necessarily clear – as Noseleit (2014) raises the question whether self-employment is more attractive to women because they have children, or whether the occupation-specific characteristics of self-employed women impact their fertility. Referring to his data, Noseleit (2014) confirms that the first hypothesis is of higher validity.

We have to ask whether the division of occupations is primarily the result of free choice by individual actors rather than of pressure through contextual variables, to which factors like unemployment or missing alternatives also belong. While previous gender-related research on entrepreneurship concentrated almost entirely on the “3Ms”, i.e. market, money, and management, recent

research also discusses the two further “Ms” of motherhood and macro environments (Brush et al., 2009), which contribute to a more broadly integrated perspective towards the subject.

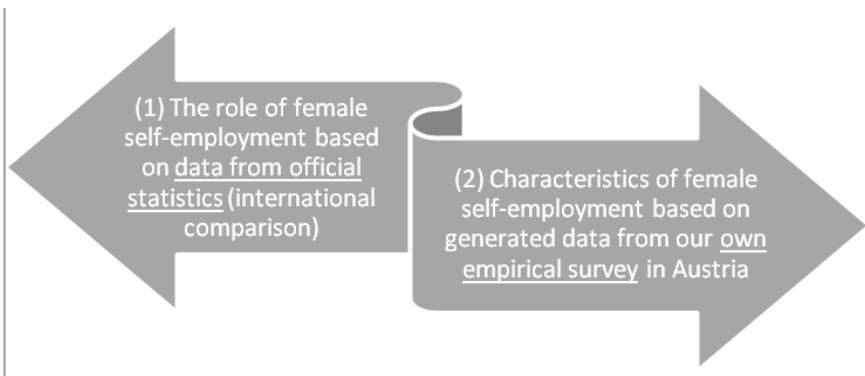
Especially solo self-employment may deliver possibilities for women to use their strength to overcome weaknesses and it may open up opportunities that help to counter threats. In particular, solo self-employment may deliver options that could lessen the constraints, which family care places on women’s employment. It may be the case that women value nonwage aspects more than men do (Heller Clain, 2000), and women with greater family responsibilities may trade earnings for the family-friendly aspects of self-employment. Therefore, self-employment may reflect the development of more or less successful strategies for coping with the conflicts arising from the difficult balance of self-employment and family life (Duberley and Carrigan, 2013).

Overall, we have already learned a lot, but we don’t really know about different female dispositions to cope with self-employment challenges and to see the concrete interplay between push and pull factors to decide one way or another, which may be further explored by sociological and psychological research.

## 2. The Importance of Female Self-Employment: Evidence from Official Statistics

In the following two sections the phenomenon of female self-employment is examined from two sides. First, we consider the role of female self-employment in a cross-country comparison based on data from official statistics (Eurostat-Database). In a second step, we go deeper, exploring the features and characteristics of female entrepreneurs based on data generated from our own empirical survey in Carinthia, one of the federal states in Austria (see Figure 1).

Figure 1: Two-sided consideration of female self-employment



(Source: Own depiction)

Currently (2013), the number of self-employed people in the European Union (EU-28) amounts to approximately 30.6 million. About 31.4 % of these are females; this corresponds to a number of 9.6 million. In Austria, the share of self-employed females as a percentage of total self-employment is significantly higher and amounts to 35.7 % (161,400 self-employed females). In the UK, by contrast, only 30.9 % (1.2 million) of all self-employed individuals are female, a share that is very similar to the whole EU-28.

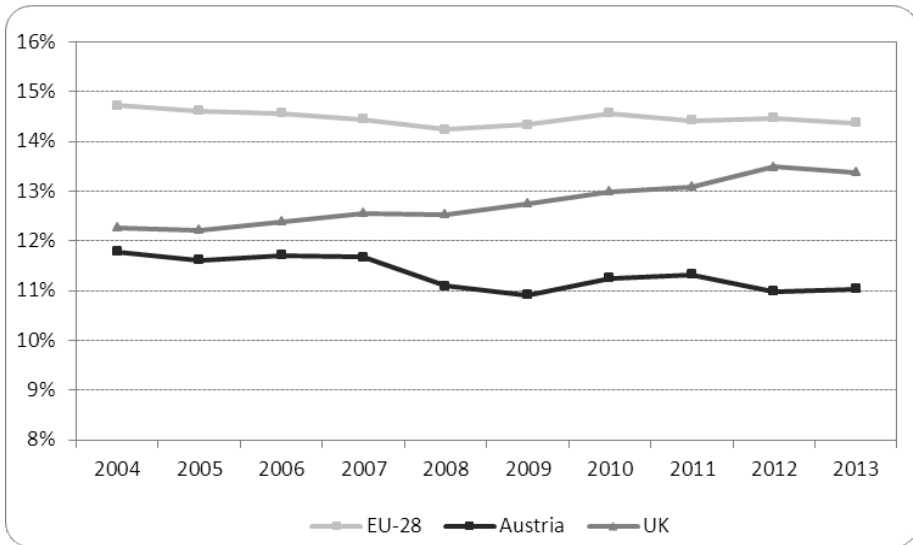
If we put overall self-employment in relation to total employment we obtain the rate of self-employment. Accordingly, 14.4 % of the total working population in the EU-28 is self-employed. In Austria, at 11.0 %, the rate of self-employment is significantly lower compared to the EU-28. The same applies to the UK, where the self-employment rate (13.4 %) lies marginally below the EU value. In each of the considered countries the subgroup of males exhibits a considerably higher rate of self-employment compared to females. In the EU-28 as well as the UK this gender gap is especially pronounced (see Table 1).

Table 1: Cross-country comparison of the rate of self-employment, 2013 (in %)  
(Source: Eurostat-Database (2014a); (2014b); own calculations)

<b>Country</b>	<b>In total</b>	<b>Males</b>	<b>Females</b>
EU-28	14.4 %	18.2 %	9.8 %
Austria	11.0 %	13.4 %	8.4 %
UK	13.4 %	17.4 %	8.9 %

Considering the development over time, it can be concluded that in the EU-28 the overall rate of self-employment has remained relatively constant since 2004. During the same time period, the UK was marked by a slight upward trend (+1.1 percentage points), while in Austria the self-employment rate decreased slightly by 0.8 percentage points (see Figure 2).

Figure 2: Cross-country development of the rate of self-employment, 2004-2013 (in %)



(Source: Eurostat-Database (2014a); (2014b); own calculations)

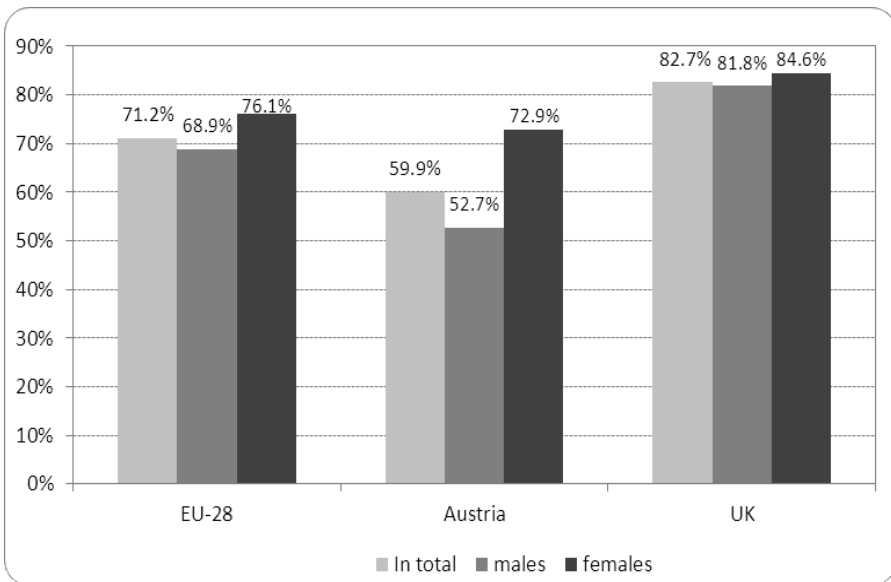
Total self-employment has followed an upward trend in each of the considered countries, with the increase being highest in the UK (+13.4 %) and lowest in the whole EU-28 (+1.3 %). Considering the growth rates by gender, it can be seen that female self-employment has developed more dynamically over the considered time period than male and even total self-employment. Hence, in the EU-28, the number of self-employed females increased by 8.1 % from 2004 to 2013, while male self-employment decreased by 1.6 %. In Austria, female self-employment was also marked by a significantly stronger upward trend. Accordingly, the percentage change from 2004 to 2013 is 7.6 % in the subgroup of female self-employed, while the growth rate of male self-employment amounts to merely 4.9 %. In the UK, the gender gap is even more distinct. Thus, female self-employment has increased substantially by 30.0 % since 2004. The growth rate for males is, by contrast, considerably lower and amounts to 7.2 % (see Table 2).

Table 2: Cross-country comparison of the development of total self-employment, 2004-2013 (%) (Source: Eurostat-Database (2014a); own calculations)

Country	In total	Males	Females
EU-28	1.3 %	-1.6 %	8.1 %
Austria	5.9 %	4.9 %	7.6 %
UK	13.4 %	7.2 %	30.0 %

A subgroup of total self-employment is represented by solo self-employment. Specifically, these are self-employed individuals working on their own without any employees. As shown in Figure 3, the share of solo self-employment as a percentage of the total number of self-employed is 71.2 % in the EU-28. The UK exhibits an even higher share of solo self-employment amounting to 82.7 %. In Austria the rate of solo self-employment is comparatively low; in 2013 59.9 % of all self-employed individuals belonged to the category of solo self-employed. What all considered countries have in common is that the share of solo self-employment is significantly higher for females than for males. In Austria this gender discrepancy is particularly strong (52.7 % versus 72.9 %).

Figure 3: Cross-country shares of solo self-employment in % of the total self-employment, 2013 (in %)



(Source: Eurostat-Database (2014a); own calculations)

Moreover, solo self-employment is marked by a very dynamic development, especially in the subgroup of females. Thus, in the EU-28 and the UK, the growth of solo self-employment was even higher as compared to the development of total self-employment. In Austria, by contrast, solo self-employment has risen less markedly than total self-employment since 2004. For female solo self-employment a clear trend can be observed. On the one hand, in each of the considered countries the number of solo self-employed females has risen more sharply compared to their male counterparts. On the other hand, this increase was even higher than the rise of total female self-employment (see Table 2 and Table 3).

Table 3: Cross-country comparison of the development of solo self-employment, 2004-2013 (%) (Source: Eurostat-Database (2014a); own calculations)

Country	In total	Males	Females
EU-28	4.5 %	1.8 %	10.1 %
Austria	1.5 %	-4.0 %	9.7 %
UK	23.8 %	16.6 %	43.0 %

### 3. Going Deeper: Features of Female Entrepreneurs

As already mentioned at the beginning of section 2, the features of female self-employment are examined on the basis of data from our own empirical survey in Carinthia, the southernmost federal state of Austria. The implemented survey focuses on solo entrepreneurs – so-called one-person enterprises – in the industrial sector, i.e. registered at the Chamber of Commerce.<sup>2</sup> The survey is based on a comprehensive questionnaire containing 52 questions. In February 2014 about 9,000 one-person enterprises were contacted by the Carinthian Chamber of Commerce and were invited to participate in the online survey. The response rate was 7.0 % resulting in a sample size of 626 one-person enterprises. The generated sample is representative with respect to the legal form (mainly individual entrepreneurs), age (mean age in the sample and in the total population: 47 years) and gender, whereas males are slightly overrepresented in the sample compared to the basic population. Regarding the economic sector, one-person enterprises from the information and consulting branch are considerably overrepresented (sample: 30.2 %, total population: 15.8 %), a result that may be due to the higher affinity for technology of this group of entrepreneurs and the associated familiarity with online surveys. Conversely, business and craft enterprises are represented less in the sample (37.4 %) than in the total population (48.5 %).<sup>3</sup>

The economic and social rationalities of one-person enterprises, motives for being self-employed, job satisfaction, the financial situation and the future prospects of solo entrepreneurs were among the main research questions of the empirical study. In the following, we focus on selected aspects of female self-employment. The regarded dimensions include working hours, the financial situation, job satisfaction, future prospects and motives for self-employment.

2. New self-employed (e.g. freelance journalists) are not considered due to missing data.

3. The generated sample for Carinthia may be a representative approximation for the whole of Austria, since the Carinthian business landscape with 55.6 % of all companies in the industrial sector representing one-person enterprises is very similar to the Austrian business demography, where the share of solo entrepreneurs amounts to 57.3 % with a likewise industry structure as compared to Carinthia. Hence, the results of our survey may also be applicable for the whole of Austria.

The considered gender differences are shown in Table 4. As can be seen from the empirical analysis, we found evidence that females are largely part-time self-employed. In total, 27.5 % of the female one-person enterprises surveyed work no more than 20 hours per week. For males this share amounts to 19.8 %. Moreover, about one third (33.6 %) of the females work between 20 and 40 hours a week, while this applies to only 22.5 % of the male one-person enterprises. By contrast, the category “more than 40 hours” is male-dominated. The gender differences are statistically significant at the 1 %-level. The main reasons for female part-time self-employment were found to be childcare obligations and the associated unavailability to realize a higher time scope, i.e. more working hours.

Table 4: Gender differences for selected aspects of self-employment

Variable	Attribute levels	In total (n=626)	Males (n=364)	Females (n=262)	Statistical relationship: Cramers V	Pearson- $\chi^2$ (p-value)
Weekly working hours	till 20 hours	23.0 %	19.8 %	27.5 %	0.281	49.280*** (0.000)
	more than 20 to 40 hours	27.2 %	22.5 %	33.6 %		
	more than 40 hours	49.8 %	57.7 %	38.9 %		
Monthly net income	€ 1,000	48.6 %	38.5 %	62.6 %	0.281	49.445*** (0.000)
	> € 1,000-2,000	33.1 %	36.0 %	29.0 %		
	> € 2,000-3,000	12.9 %	17.3 %	6.9 %		
	> € 3,000	5.4 %	8.2 %	1.5 %		
Job satisfaction	Very satisfied	32.1 %	27.2 %	38.9 %	0.130	10.498** (0.015)
	Rather satisfied	50.2 %	53.6 %	45.4 %		
	Rather dissatisfied	15.0 %	16.8 %	12.6 %		
	Very dissatisfied	2.7 %	2.5 %	3.1 %		
Future prospects	Very optimistic	27.5 %	22.0 %	35.1 %	0.151	14.284*** (0.003)
	Rather optimistic	58.6 %	62.9 %	52.7 %		
	Rather pessimistic	12.9 %	13.7 %	11.8 %		
	Very pessimistic	1.0 %	1.4 %	0.4 %		
Significance: *** 1 %-level** 5 %-level* 10 %-level						

(Source: own calculations)

Looking at the monthly net income of the one-person enterprises surveyed it can be seen that the financial situation of females is worse than for males, contingent on the higher share of part-time self-employment in the group of females. Nearly two thirds (62.6 %) of the female one-person enterprises earn no more than € 1,000 per month from their business activity. In the higher income categories, by contrast, males are dominant.<sup>4</sup> The statistical significance of the gender differences is given at the 1 %-level.

Although female entrepreneurs are largely part-time self-employed and earn less, their job satisfaction is significantly higher than for men. As can be seen from {Table 4 near here}, 84.3 % of the female one-person enterprises are very



or rather satisfied with their professional situation. Among the male entrepreneurs this share is substantially lower and amounts to 80.8 %. A similar situation is given when looking at the future prospects of the one-person enterprises. Females are more optimistic regarding their entrepreneurial future (very/rather optimistic: 87.7 %) than males, where “only” 84.9 % exhibit very or rather optimistic future prospects. In each case the gender differences are statistically significant at the 1 %-level.

Finally, there exist gender-related differences regarding the motives for being self-employed. Generally, non-monetary factors like self-controlled working, more responsibility, personal fulfilment or more flexible working hours and the associated improved work-life-balance rank among the main motives for working as a one-person enterprise. However, based on a Chi-squared test we found out that the monetary aspect (higher earnings) represents a significantly more important factor for males than for females. Conversely, females value the improved work-life-balance – mainly due to childcare obligations – significantly more than male one-person enterprises.

#### **4. Conclusion: What Have We Learned?**

In the general discourse on sex segregation, different explanations can be found why gender imbalances exist, which factors can be held responsible, and if we are witnessing a declining significance of gender (Blau et al., 2006, Hesse-Biber, 2014). With regard to self-employment, our empirical investigation has found that the gap between men and women appears to be closing with respect to ratios of representation in self-employment. However, women have smaller companies, they are the majority in solo self-employment, they earn less and they have shorter times of involvement. The majority of part-time entrepreneurs is female. On the other side, well-being and happiness is likely to be higher in firms and economic activities run by women (Bögenhold and Klinglmaier, 2015).

One can interpret the landscape of social and occupational (asymmetrical) distribution not only as a result of societal discrimination practices or divergent individual decisions by genders but also, perhaps primarily, as a mirror of complex *household* decisions rather than individual actors’ decisions. In the end, the household as the entity and composition of different interests, motivations, needs, and obstacles proves to be the real acting subject of our analysis (Bögenhold and Fachinger, 2013). Individual actors seem to be embedded in wider logics of the life-world sense, including all factual restrictions, wants, and

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4. Beside the fact that females are working fewer hours than males, one can suspect that this result may also be due to the divergence of hourly income levels between men and women. However, based on a mean comparison test, we did not find evidence that the average hourly wage rate of females in our sample significantly differs from the male wage rate. Hence, income differences are attributable to varying time scopes by gender.

necessities. In so far, above average participation of women in solo self-employment may reflect growing needs for flexibility in terms of time sovereignty despite lower incomes. Understanding the variability in sex segregation (Charles and Grusky, 2004) also needs to get to grips with household rationalities in order to understand that different divisions of gender participation are not only a reflection of discrimination but also the mirror of different social constraints in the context of the organization of business and society (Charles and Bradley, 2009).

Designing effective labour market participation for women as self-employed has to take the differences of women's life-worlds into account as firm partnership, marital status, the existence of children and age of children or elder relatives are parameters of relevance for engagement in the labour market. Providing an environment with regard to those parameters would be conducive to enhancing women's participation in the labour market as self-employed. Overall, women face specific obstacles such as family responsibilities that have to be managed in order to give them access to the same opportunities as men (Delmar and Holmquist, 2004; Kelley et al., 2012, Brush et al. 2009).

To conclude, the article tackled just a sample of questions and the literature survey was restricted to a few aspects. Of course, several additional questions remain on the agenda for further research. Some female freelancers become employers during their maternity leave because they are afraid of losing momentum, i.e., contact with clients. Another research question is concerned with the question of how female entrepreneurs deal with the continuation of their business during their maternity leave. A research question in a different direction deals with cross-country differences within female self-employment ratios. How and why do institutions and culture matter and how does this contribute to explaining those variations?

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