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Women and Self Employment – Why?

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Executive summary

Since the 1990s, the impact of gender upon women's entrepreneurial activity has become an issue of interest and importance. Much attention has been afforded to evidence that, in advanced economies, women are far less likely to become entrepreneurs; thus, a basic tenet of related research and policy has to been to find avenues to encourage more women to become self-employed. In this commentary I question why women should be encouraged to pursue self employment given poor returns, limited welfare benefits and high rates of exit acerbated by the pandemic and related policy initiatives.

Why does it matter?

Many years ago, an esteemed senior colleague remarked to me that within the study of entrepreneurship, or self-employment as it was then, gender was nothing but a variable and should be treated as such. On that basis, it was difficult to see why it mattered that much and what all the fuss was about – just count it. He was wrong on a number of points; he was actually referring to owner sex which is, indeed, a variable with a number of variations. Gender, however, is an effect with complex ascriptions that position individuals in society. And the fuss is about how gendered assumptions are embedded within a masculinised discourse of entrepreneurship that in turn, privileges men and masculinity to the detriment of women and femininity (Ahl and Marlow, 2012). I think most would agree that bias and discrimination do matter – they need to be revealed and challenged through research and practice.

Background

In the intervening years, a mature body of evidence has emerged analysing how gender affects entrepreneurial activity – particularly women's approaches to and experiences of self-employment (McAdam and Cunningham, 2021). Significant attention has been afforded to the fact that, in most economies, men outnumber women as entrepreneurs (GEM, 2021). This gap has been linked to a feminised lack of entrepreneurial propensity, higher risk aversity, reluctance to pursue formal funding, poor growth ambitions and preferences for home – based, part-time ventures. This deficit discourse has been particularly evident in early policy initiatives (SBS, 2003) and more recent reports (Rose, 2019). Such damning evidence has prompted a 'yearning discourse' (Ahl and



Marlow, 2021) - 'if only' women would amend their attitudes and behaviours, far more would select into self employment. In so doing, that elusive nirvana whereby women create as many businesses as men could be attained (SBS, 2003; Rose, 2019) and so, generate wealth and employment in abundance. Personally, I always wondered what would happen to the economy if women flooded out of employment into self-employment in the numbers required to balance the founder-sex gap unless of course there is a significant cohort of inactive women hidden away somewhere just waiting to unleash their entrepreneurial spirit.

This discourse is now less evident as since 2010 successive Conservative governments have not deemed policies to encourage women's enterprise as a priority whilst a mature, sophisticated feminist and postfeminist critique has also emerged illustrating the superficiality of yearning and female deficit discourse (Gill, 2014; Lewis et al., 2018; Ahl and Marlow, 2021). As such, the critical role of structural disadvantage, intersectionality, positionality, and broader institutional changes have shifted the analytical focus away from the agent to a more measured critique which has advanced debate. Debunking the notion of agentic deficits and a greater emphasis upon structural constraints has been critical in advancing understanding but debate still focuses upon how women can navigate such constraints to pursue entrepreneurship accepting the notion that expanding women's self-employment is good for women and society.

Discussion point

The question I would like to raise at this point however, is whether we need to also build a 'socio-economic health warning' into this debate regarding the extent to which entrepreneurship is a positive choice for women given returns across a range of socio-economic indicators which are generally poor and deteriorated markedly during Covid? Take a moment to actually look at a few characteristics of women's self-employment:

- Returns are significantly lower than equivalents for employment; whether undertaken on a full or part-time basis and this has been exacerbated by Covid (ONS 2018; ONS, 2020).
- Self-employment does offer flexibility in terms of operating hours, the advantages of which are often deemed particularly attractive to women. Such flexibility is traded against income and credibility. Just like part-time employment, part-time self-employment has financial and legitimacy penalties (Jayawarna et al., 2021)
- The self-employed forfeit a range of both employment and State related welfare benefits; this is particularly detrimental for women: no sick pay, no holiday pay, unpredictable hours/demands, no paid time off for ante-natal care, or limited maternity support. Paradoxically, given low incomes, self-employed women are more likely to qualify for State benefits such as tax credits to supplement incomes (Martinez-Dy and Jayawarna, 2020; Jayawarna et al, 2021)
- Women's ventures are less likely to attain notable growth due to sectoral channelling reflecting socialisation issues, preferred working patterns, lack of investment and legitimacy issues (Martinez-Dy et al., 2020)



Many of these disadvantages have been starkly illustrated during the COVID pandemic period. The Women Enterprise Policy Group (2020) point out that:

- Women's firms are concentrated in caring and personal services sectors which were particularly affected by mandated closures. The government financial support package also discriminated against women who had taken maternity leave in the preceding three years (WEPG, 2020).
- Women entrepreneurs were also less likely to meet criteria for financial assistance due to their businesses being home-based, part-time or their chosen legal status (company directors were not eligible, for example) and, where women-owned businesses were eligible for government support, they received lower levels of assistance (ONS, 2020).
- Given their profile and returns, many women owned firms were not provided for by the government's Covid-19 financial package because they did not meet the remit of 'real' businesses; unsurprisingly women were 20% more likely than men to report a pandemic-related business closure (GEM, 2021).

Conclusions

Drawing from these reflections, we can confidently state that the influence of gender upon entrepreneurial activity, particularly as it affects women, has been acknowledged and explored since the 1990s. The growing sophistication of this research field has challenged policy and practice notions of agentic deficiency amongst women. Rather, revealing the degree of structural constraints and underlying discrimination associated with gendered stereotypes has been invaluable to advance debate in identifying and navigating such barriers. Navigating them does not remove them, it accommodates them.

Policy and practice recommendations

There can be no question as to the rights of women to pursue entrepreneurship and the role of policy to support those who wish to do so. Little attention has been afforded to supporting women's enterprise in recent years; the inadequacy and bias engrained in current policies, however, has been thrown into stark relief by the Covid initiatives. We must persist in our efforts to call for change – as we have done over many years now – but in the absence of notable shifts in the entrepreneurial environment in which self-employed women operate, we also need to use evidence to question why entrepreneurship is still feted as an appropriate and attractive career choice for women under such circumstances. It is time women stopped shouldering the blame for alleged entrepreneurial deficiencies and instead, we need to acknowledge that persistent discrimination and bias combine to constrain their entrepreneurial potential. Women should be encouraged and able to contribute to society as entrepreneurs and innovators – as indeed many do against the odds – but we also need a realist reflection on the false promise of entrepreneurship in that self-employment will leave many women poorer with precarious futures.



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