GENDER DIFFERENCES IN ENTREPRENEURSHIP

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Abstract

This study of female entrepreneurship traditionally has been inspired by gender equality issues. Female entrepreneurs were assumed to experience gender-related discrimination and to experience more difficulties when starting up and running a business than their male counterparts. Today research and policy have been more and more fuelled by the idea that female entrepreneurs are important for economic progress. Even when issues such as barriers and obstacles to female entrepreneurs are raised in the gender and entrepreneurship debate, this is usually done from the perspective that female entrepreneurs are an untapped resource and have potential to contribute to a country’s economic performance. Indeed, although gender equality is one of the arguments underlying the support for female entrepreneurs within the European Union, the argument that female entrepreneurs (have the potential to) contribute to economic performance continues to play a role here. The global growth of female entrepreneurship in the last decades has been accompanied by an increase in the number of studies on female entrepreneurship. Unlike most existing studies, which focus primarily upon female entrepreneurship in Western European countries, the present thesis investigates gender differences in entrepreneurship in the Eastern European countries. Different aspects of entrepreneurship are studied including the individual, the organization and the environment. A systematic distinction is made between direct and indirect gender effects on entrepreneurship to be able to disentangle ‘pure’ gender effects from effects of factors that are correlated with gender.

Keywords: Managing diversity, female entrepreneurship, economic performance, gender differences, entrepreneurial diversity

Introduction

As the contemporary economy is characterized by an ever-increasing demand for quality in its broadest sense, it is of vital importance that the best qualified people are selected for (available) jobs, independent of their sex. In this way the process of emancipation becomes an important driver of economic progress. At present the share of women in total entrepreneurial activity varies between 20 and 40 percent across the developed countries. Female entrepreneurs have an important contribution to employment creation and economic growth and contribute to the diversity of entrepreneurship.

The studies in this thesis show evidence of gender differences in entrepreneurship both at the macro and the micro level. In the report Good practices in the promotion of female entrepreneurship of the European Commission (2002, p.3) it is argued that women face a number of gender-specific barriers to starting up and running a business that have to be tackled as women are considered “a latent source of economic growth and new jobs and should be encouraged”. Hence, the main argument to date for studying women’s entrepreneurship is that female entrepreneurs are an “engine of economic growth” (Ahl, 2002, p. 125). The basis for this argument is the acknowledgement that entrepreneurship (in general) is important for economic performance. The link between entrepreneurship and economic growth has been established by several scholars and is well documented (see Carree and Thurik, 2003, for an overview).

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Are gender differences worth studying?

In the present thesis there is an implicit assumption that studying gender differences is important. However, several arguments have been brought forward why the study of gender differences in entrepreneurship would not be very useful. A related argument is that the differences among women and among men are larger and more important than those between women and men, and accordingly, that research should focus upon these intra-group (or in-group) differences instead of intergroup (or between-group) differences (e.g., Kimmel, 2000; Ahl, 2002). In this respect, Moore (1999, p. 388) advocates that: “It is time to stop clumping entrepreneurs together in one group. Much is to be learned by studying women entrepreneurs as members of various groups”. Also, there are likely to be differences between female entrepreneurs of different generations. Moore (1999) distinguishes between ‘traditionals’ (i.e., female entrepreneurs with traditional values, adhering to stereotypical female work roles) and ‘moderns’ (i.e., later generation female entrepreneurs who are more similar to than different from their male counterparts other words, there may be a generation effect which outweighs the gender effect, where female entrepreneurs from earlier generations are different from those of later generations. Indeed, over time gender differences have become less pronounced. We see a gender convergence rather than divergence, and women and men nowadays are far more alike than they were some decades ago (Kimmel, 2000). Obviously, there will be a range of other factors including age, educational background, firm size and sector, that may be more important in explaining differences between entrepreneurs than gender2. The present paper incorporates studies on gender differences in entrepreneurship, spanning different aspects of entrepreneurship at different levels of analysis, including the individual, the organization and the environment. In Section 1 attention will be paid to the participation of women in entrepreneurial activity distinguishing between the number of female entrepreneurs per female labor force (female entrepreneurial activity) and the female share in total entrepreneurial activity (female entrepreneurial participation). Also, attention is paid to the economic contribution of female entrepreneurs. In Section 2 the state of research on female entrepreneurship is discussed, giving on overview of gender differences in entrepreneurship, and identifying knowledge gaps based upon under-studied themes and insufficient or inadequate methodological development. These knowledge gaps are the basis for developing a research agenda. Section 2 also familiarizes the reader with the concept of gender and gender issues in research. Section 3 presents the research agenda, giving an overview of the research questions (or themes) and presenting a research framework. Section 4 draws overall conclusions, discussing the evidence on gender differences, paying attention to scientific and social learning and implications as well as giving suggestions for further research.

1. The Economic Contribution of Female Entrepreneurship

1.1. Measuring Female Entrepreneurship

There are different ways in which female entrepreneurship (whether in established businesses or in new venture creation) can be measured. First, one can investigate the number of female entrepreneurs per (female) labor force (i.e., female entrepreneurial activity). Second, one can have a look at the female share in total entrepreneurial activity (i.e., female entrepreneurial participation). Whereas the first measures female entrepreneurship vis-à-vis the number of women in the labor force, the second measures female entrepreneurship vis-à-vis the total number of entrepreneurs. This paper will discuss female entrepreneurship from both perspectives, also distinguishing between self-employment and new venture activity3. Because female entrepreneurship rates are not similar across

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2 Brush (1992, p. 13) refers to research indicating that women business owners differ with respect to the ‘individual’ dimension depending upon a woman’s age (see Kaplan, 1988) and the location of the business (see Holmquist and Sundin, 1988).

3 Self-employment here refers to business owners (i.e., employers and own-account workers), excluding venture activity is measured in terms of Total Entrepreneurial Activity (TEA) as proposed by the Global
countries, the present section also touches upon some country differences, but this is not the main focus of the present section. Although it is interesting to see where cross-country differences in female entrepreneurship come from, at the end of the day a more important question (in particular for policy makers) is whether these differences lead to variation in economic performance across countries. Hence, special attention is paid to the relationship between female entrepreneurship and economic performance.

1.2 Entrepreneurial Diversity, Economic Performance and Gender

The present thesis it is assumed that female and male entrepreneurs have a different profile, e.g., they have a different way of doing business and start and run different types of firms. Thus, female entrepreneurs can contribute to the diversity in entrepreneurial activity and economic performance by way of their distinctive characteristics. In terms of products and services it may be argued that female entrepreneurs tend to operate in niche markets. Female entrepreneurs often pursue a specialization strategy offering tailor-made goods and services (Chaganti and Parasuraman, 1996). Assuming that tailor-made products and services are different from other products offered within the industry, it can be said that female entrepreneurs offer new non-competing or complementary products, insulating them from competition. Because over time consumer demand has become more versatile (Brock and Evans, 1989), niche markets have become more important, i.e., diversity in demand has to be met by diversity in supply of goods and services. From this perspective it may be important to stimulate female entrepreneurship, in particular as at present the share of women in entrepreneurial activity is still below 50 percent. Hence, stimulating female entrepreneurship may be a way to increase entrepreneurial diversity.

2. What Do We Already Know About Female Entrepreneurs?

2.1 Overview of gender differences in entrepreneurship

Within entrepreneurship research, female entrepreneurship can be considered a ‘separate’ field of study. Researchers focusing upon the issue of female entrepreneurship have traditionally been female, and still continue to be. In general entrepreneurship researchers appear to have become more aware of the possibility of gender differences, and gender is increasingly used as a control variable. To give an overview of the many studies undertaken in the area of gender issues in entrepreneurship, this section builds upon review articles by Brush (1992), Ahl (2002) and a review of studies identified in Gatewood et al (2003). The aim is not to provide a full picture of research in the area of female entrepreneurship, but rather to give the reader an idea of the state of research on
gender issues in entrepreneurship. The subject of the present thesis is situated at the intersection of two broad fields of study: entrepreneurship and gender. Research on female entrepreneurship can be structured around different themes. Brush (1992) uses Gartner’s (1985) framework distinguishing between four key components of new venture creation: individual, process, organization, environment\(^7\). Here the same classification is used discussing gender differences with respect to the different subjects within the field of entrepreneurship\(^8\).

Most studies on female entrepreneurship focus upon the individual, covering topics such as motivations, demographics and background characteristics (such as education and experience). Up to the early 1990s research on female entrepreneurship identified gender differences with respect to individual characteristics. Brush (1992; p. 13) concludes that: “women business owners are more different from than similar to men in terms of individual level characteristics such as education, occupational experience, motivations, and circumstances of business start-up/acquisition”. However, contemporary research indicates that for a range of individual characteristics (including psychological, attitudinal and personal background factors) there are more similarities than differences between female and male entrepreneurs (e.g., Ahl, 2002). With respect to research intensity, the ‘individual’ studies are followed by studies on the environment, organization and process of entrepreneurship, respectively (Ahl, 2002)\(^9\). In particular the number of studies dealing with environmental aspects has increased since the early 1990s. The process of starting up and running a business as well as environmental influences on entrepreneurial activity seem relatively similar for female and male entrepreneurs (e.g., Ahl, 2002). However, in terms of organizational characteristics businesses of women have been found to be more different from than similar to businesses of men. In particular, this is found for sales volumes, management styles, goals, and the acquisition of start-up capital (Brush, 1992). Ahl (2002) finds that the scarce research (usually studies with few observations) focusing upon organization refers to a distinctive (relational) management style of female entrepreneurs as compared to that of male entrepreneurs. The most consistent gender differences are found for firm size and sector, where businesses of women are on average smaller than those of men (whether measured in terms of financial indicators or employees) and with female entrepreneurs being more likely to operate retail or service firms. In addition to studies that fall into one of the categories – individual, organization, environment, and process – there are studies that are more comprehensive, taking into account and covering several aspects at the same time. For example, studies classified as mixed studies include overview articles and articles investigating individual and firm performance\(^10\). In her review of performance articles, Ahl (2002) argues that the

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\(^7\) Gartner’s (1985) framework for new venture creation distinguishes between four key components of new venture creation and ownership: individual (e.g., demographics, education, experience, psychological characteristics of the entrepreneur), process (referring to activities of an entrepreneur, including opportunity recognition, resource accumulation, venture creation and sustenance), environment (referring to the interaction between entrepreneur and his/her environment, including availability of resources, government regulation and support, industrial structure, urbanization) and organization (referring to firm characteristics, including strategic decision-making, organizational structure, business profile).

\(^8\) It should be noted that the use of the components of new venture creation as proposed by Gartner (1985) may not be ideal. The components of new venture creation are by no means exclusive. For instance, the process of new venture creation may not easily be disentangled from the entrepreneur, the organization and its environment (Steyaert, 1995).

\(^9\) As Ahl (2002, p. 97, footnote 1) argues: “the general tendency of focusing on the individual remained, with over half of the papers in this category”. “The rest were divided about equally between the other three headings ...”.

\(^10\) Because performance may not necessarily be classified as a component of new venture creation, but rather may be considered a consequence of new firm creation, its classification is not straightforward. This may also be the reason why Brush (1992) does not explicitly discuss female entrepreneurship studies from the perspective of performance. Nevertheless, when outlining directions for future research Brush (1992) argues that each of the suggested research areas should be studied also in combination with its effects on performance.
topic of firm performance has become more popular in female entrepreneurship studies in the past
decade. Until the early 1990s this topic did not receive much attention. Discussing performance
differentials between businesses of female and male entrepreneurs, Ahl (2002, p. 108) argues that
“The ‘female underperformance hypothesis’ ... did not hold when put to rigorous tests accounting
for structural factors”. And if preferences are taken into account there appears to be no support for
the proposed gender differences in entrepreneurial performance. With respect to the particular
subjects dealt with within each of the categories, it can be said that environment studies mostly focus
upon resource availability and (to a lesser extent) support structures for female entrepreneurs. The
organization studies emphasize business profile characteristics, such as sector, firm size and age.
Process studies tend to focus upon the process of new venture creation, including topics such as
networking and resource acquisition. In addition, most studies within the area of performance
differentials focus upon firm performance. Although individual studies in the area of female
entrepreneurship have a broad focus, they tend to focus upon

2.2. Perspectives on Gender Differences

2.2.1. Nature versus nurture

There are two basic schools of thought proposing different reasons for the existence of gender
differences (in general): biological determinism (referred to as nature) and differential socialization
(referred to as nurture), the latter of which has served as input for the social feminist perspective.
Biological arguments for gender differences generally draw upon three streams of research, including
evolutionary theory, brain research and endocrinological research on sex hormones. The implication
of the biological determinism perspective is that because differences between women and men are
attributed to their different biological nature, one automatically assumes that the existing societal
arrangements between women and men are inevitable, dismantling the need for policy intervention
and support structures. Social scientists refute the perspective that innate biological differences lead
to behavioral differences which – in turn – construct the social, political and economic environment.
They argue that gender inequality in society leads to observable differences in behaviors, attitudes
and traits. The differential socialization school of thought assumes that women and men are different
because they are taught to be different. In essence both the biological determinism perspective and
the socialization view assume that women and men behave differently, and that they are different
from each other. Moreover, both streams of thought assume that the differences between men and
women are greater and more decisive (and therefore more worthy of study) than the differences
within groups of women and men.

2.2.2 Social versus liberal feminism

The identified gender differences in entrepreneurship research have been explained in
different ways, either assuming that women and men are different from each other or that they are in
essence the same and the environment causes them to behave in different ways. These perspectives
are consistent with the social and liberal feminist perspective, respectively (Fischer et al., 1993).
According to the social feminist perspective gender differences in entrepreneurship are due to
differences in early and ongoing socialization. Hence, female and male entrepreneurs are inherently
different, giving rise to different ways of viewing the world and, accordingly, different ways in which
entrepreneurship is practiced. The liberal feminist perspective argues that in essence women and men
are the same and that female entrepreneurs experience more problems or structure their firms in a
distinct way (as compared to male entrepreneurs) because they are confronted with unequal access to

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11Ahl (2002) refers to divergent definitions of what constitutes an entrepreneur, heterogeneous samples and
inaccurate referral practices

12Also, these schools of thought assume that gender domination (males over females) is a result of gender
differences (Kimmel, 2000, p. 4).
resources and gender-based discrimination. To summarize, both perspectives expect female and male entrepreneurs to behave in a different way, either determined by situational differences and/or barriers (liberal feminism) or by dispositional differences and/or barriers (social feminism). A different way of explaining gender differences in entrepreneurship is by investigating situational factors that are correlated with gender. Female and male entrepreneurs may behave in the same fashion, provided they have the same personal and business profile. For instance, because female entrepreneurs tend to have smaller firms, their firms are characterized by different performance rates and organizational structure. This perspective on studying and explaining gender differences may be more similar to than different from the two perspectives proposed above. Indeed, differences in the personal and business profile of female and male entrepreneurs may be explained by situational or dispositional differences.

2.2.3. Sex versus gender

Most social and behavioral (i.e., nurture) scientists make a distinction between the terms gender and sex, where sex refers to biological aspects and gender refers to the meanings that are attached to these differences between women and men within a given culture. Thus, whereas a person’s sex (male or female) is based on physiological characteristics, a person’s gender (masculinity or femininity) is based on differences in social experiences (Bem, 1993; Korabik, 1999)\(^\text{13}\). Because there is likely to be withinsex variation in experiences, sex may not completely determine a person’s gender (Fischer et al., 1993). However, Korabik (1999, p. 12) argues that: “… although sex and gender are theoretically independent, the sex-linked gender-role socialization that is still commonplace in Western culture means that empirically they are often not”. Therefore, gender is often operationalized by using biological sex as a proxy variable (i.e., assuming bio-psychological equivalence)\(^\text{14}\). Because biological sex may be confused with a range of other factors (Ridgeway, 1992), it is important to take into account the situational context. As Kimmel (2000, p. 12) argues: “It turns out that many of the differences between women and men that we observe in our everyday lives are actually not gender differences at all, but differences that are the result of being in different positions or in different arena’s”. Most studies investigating gender effects in entrepreneurship take the unidimensional model of gender, assuming bio-psychological equivalence, as a starting point. However, there have been studies taking a bidimensional gender approach to studying entrepreneurship, focusing upon femininity versus masculinity. For example, Watson and Newby (2004) argue that sex roles (masculinity or task focus versus femininity or relationship focus) may be more important in explaining entrepreneurial characteristics. Moreover, White et al. (2003) investigate the relationship between the level of testosterone and entrepreneurial behavior\(^\text{15}\). In these studies gender no longer constitutes a dummy variable but measurement of gender (or masculinity versus femininity) is more complex and diverse. However, using sex as a determinant of gender has the advantage of measurement consistency. In addition, it enables comparison of the studies in the present thesis with the bulk of studies that have been done in the area of gender issues in entrepreneurship. The present thesis focuses upon

\(^\text{13}\) Hence, whereas biological sex may be seen as an exogenous variable (that is not determined by other factors), gender may be considered an endogenous variable (that is determined by other factors, such as life experiences).

\(^\text{14}\) This is in line with the unidimensional model of gender, placing masculinity and femininity at opposite sides of the continuum, where men and masculinity are at one end and women and femininity are at the other end. Biological sex is used as a determinant of psychosocial gender. Bidimensional models of gender – on the other hand – assume that gender consists of two independent dimensions, masculinity and femininity. These dimensions are considered to be independent of biological sex. For a detailed discussion, see Korabik (1999).

\(^\text{15}\) Testosterone may be considered a measure of femininity versus masculinity. Although testosterone levels tend to be higher for men than for women, this is not necessarily the case. It should be noted that the relationship between level of testosterone and new venture creation was tested using male-only sample
differences between female and male entrepreneurs, and does not investigate the influence of femininity (or masculinity) on entrepreneurship. Whereas ‘sex’ of the entrepreneur is measured, the term ‘gender’ is used to capture all underlying characteristics and experiences of women and men. To avoid misinterpretation of the results, in this study a distinction is made between direct and indirect gender effects. Indirect gender effects refer to effects of various economic and social factors with respect to which female and male entrepreneurs differ (e.g., sector, firm size), whereas direct gender effects refer to gender differences that are not due to other factors included as controls in the study. The direct gender effect should be regarded as a residual effect as it may be that there are still other determining factors (correlating with gender) that have not been controlled for. When studying gender issues (in entrepreneurship) it is virtually impossible to control for all intermediary factors.

3. Female Entrepreneurship Research

3.1 Neglected themes

Brush (1992) identified areas in need for further research, several areas of which up to date still have received little attention of female entrepreneurship researchers. Knowledge gaps that are due to neglected themes particularly exist with respect to the organization and environment dimension. Although the latter area of research has received more attention in recent years studies within this category have mainly focused upon one aspect, such as resource acquisition and the relationships between banks and female entrepreneurs, rather than focusing upon the complex network of external actors with which female entrepreneurs are confronted. Moreover, in spite of the fact that there have been some studies focusing upon support structures for female entrepreneurs, thus far there has not been a comprehensive overview of macro-level influences on the start-up and or management of businesses by female entrepreneurs. Organization studies have emphasized organization context or business profile factors (e.g., firm size, sector, location) rather than organizational structure factors (e.g., management, goals). The individual dimension has been relatively well studied. Today there still has not been much attention for (self)-perception issues in female entrepreneurship research. With respect to performance studies, most of the research has been performed at the organizational level, while no research has been done investigating the (economic) performance of female entrepreneurs at the country level (Ahl, 2002).

3.2 Research Framework

The studies within the present thesis focus on different levels of analysis, paying attention to issues at the individual, organizational and environmental level. At the environmental (or macro) level the causes and consequences of female entrepreneurship are discussed. In the present thesis it is assumed that the gender of the entrepreneur influences individual characteristics of the entrepreneur, including demographics (e.g., age, ethnicity); personality, values and attitudes and ability; perception, motivation and goals, and learning; and behavior. For example, women may have specific motivations for starting a business (e.g., combining work and household responsibilities). Although it is argued in the present thesis that women and men may differ with respect to characteristics of their organization, we assume that most of these organizational differences can be related to differences with respect to individual characteristics. The individual characteristics influence organizational characteristics. Organizational characteristics include organizational context variables (e.g., sector, firm size, strategy, location, networks, suppliers and other external parties), organizational structure (e.g., management, firm structure) and organizational performance. Obviously, there will be linkages between organizational context, structure and performance. For example, small firms have a different organizational structure than larger firms. And larger firms are

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16 The intermediary factors used in the present study are all based upon a review of the literature.
more likely to have higher performance in terms of financial indicators, e.g., revenues and profits. In addition, there may be ‘feedback’ effects from the organizational characteristics to the individual characteristics. For example, the performance of a firm is likely to influence the attitude towards work and the time allocated to the firm. Within this framework and thesis gender is considered to be a source of diversity, as we expect to find differences in individual and organizational characteristics between female and male entrepreneurs. This diversity at the individual and firm level is seen as input for entrepreneurial diversity at the level of the environment (i.e., the macro level).

3.3. Social Learning

From a societal perspective the present study is important for different reasons. The studies in the present thesis show that the observed gender differences in entrepreneurship can largely be explained by way of characteristics of female entrepreneurs and their businesses, rather than (only) by way of gender-related obstacles and discrimination. Creating insight into the origin of gender differences in entrepreneurship leads to more awareness with policy makers of the ‘real’ underlying factors influencing female and male entrepreneurship, which accordingly can be targeted to stimulate high quality entrepreneurship. In this respect, it is found that the productivity of working hours for female entrepreneurs is lower than that for male entrepreneurs, and this is partly due to lower amounts of human, social and financial capital of female entrepreneurs. These capital constraints may be lifted by the government through (better) provision of information and education; enhancing the (general) availability of financial capital for start-ups and stimulating entrepreneurs to join and become members of networks. More knowledge about female entrepreneurship or the origin of gender differences in entrepreneurship may also do away with misconceptions with respect to (the characteristics of) female entrepreneurs and their firms. With respect to the economic importance (or performance) of female entrepreneurship, the profile of the average female entrepreneur at the micro does not provide a particularly ‘glamorous’ picture of women starting and running businesses. This may have its effect on economic performance. However, the present thesis shows that at the country and regional level female entrepreneurship (as measured by the share of women in entrepreneurial activity) is not harmful, but may be positive for economic performance. And although it appears that women tend to be less productive with respect to the time they invest in their firms, this is largely due to indirect gender effects, suggesting that when comparing similar female and male entrepreneurs (with respect to personal and business profile) there is no significant productivity difference. Also, the risk-averse attitude of women is likely to influence the growth patterns of the businesses of women, where women choose to adopt low- or slow-growth strategies because they want to keep control over (the growth of) the business. This cautious approach of women may not only suppress growth of female owned or-led firms, but may also result in fewer bankruptcies of businesses of women (as compared to those of men). Indeed, Blom (2003) argues that – as compared to men – women in the in the western countries have a better chance of succeeding in business. Although increasingly women start and run businesses in the the western countries and the female share in both self-employment and new venture creation is among the highest rates of all OECD countries, we have seen that on average female-owned firms remain relatively small and show low growth rates. This may be attributed to the choices of women themselves (focusing on quality rather than quantity), but also to socio-cultural values regarding the distribution of household and childcare responsibilities within the household where women still take on the bulk of household responsibilities even if they also work for a living (limiting the time and effort that can be invested in the firm). Indeed, time restrictions may be an important factor explaining the particular profile of the businesses of female entrepreneurs. Emancipation in the western countries is relatively low.

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17 Because female entrepreneurs tend to be more risk-averse than male entrepreneurs, the relatively small amounts of financial capital used by female entrepreneurs may be attributable to their own choice rather than a restricted availability of financial capital.
hindering the flow of women into the higher executive jobs or positions within organizations.\textsuperscript{18} Although this may stimulate women to start up their own firms, enabling them to be more independent and have flexible working hours, it is likely that time restrictions also play a role within the entrepreneurship of women, in particular since self-employment requires higher time investments as compared to wage-employment. To enable women to participate more fully in the labor market and run large and high-growth firms (if they choose to do so), social roles need to change, establishing a more equal distribution of tasks within the household. To establish this it is important that working women are (to some extent) relieved of the pressure of household responsibilities, stimulating the combination of work and private responsibilities by men through providing facilities such as parental leave, part-time work, and childcare (Duyvendak and Stavenuiter, 2004). Although in the western countries there is a generic entrepreneurship policy, not distinguishing between groups of entrepreneurs (Stevenson and Lundström, 2001), and there are no specific measures in place to stimulate female entrepreneurship (Bruins, 2003), this may not be a problem as long as there are measures taken at a more general level, stimulating and facilitating women who want to participate full-time in the labor market either through self-employment or wage-employment.

3.4. Scientific Learning

From a scientific viewpoint the present thesis creates awareness of the interrelatedness of female entrepreneurship with a range other business and individual factors and helps explain the observed gender differences in entrepreneurship. The present thesis avoids misinterpretation of the results, wrongly attributing differences in entrepreneurship to gender (rather than to other explanatory variables that are correlated with gender), by adding relevant control variables in the analysis to single out direct and indirect gender effects. Accordingly, this study departs from the viewpoint that it is relevant to study gender differences in entrepreneurship, but that ‘pure’ gender effects are hard to find. Instead, research should focus upon the explanation of the distinct characteristics of female and male entrepreneurs and their businesses, including as many relevant ‘controls’ or intermediary variables as possible. Although female entrepreneurship researchers have become more aware of the different ways in which the gender of the entrepreneur can influence entrepreneurial characteristics and behaviors, the present thesis advocates more precision in analyzing gender effects. A distinction can be made between total, direct and indirect gender effects, where total effects are the average gender differences that can be observed in practice. If, on average, we do not observe any gender differences, this does not mean that there are no (underlying) gender effects. That the distinction between total, direct and indirect effects is universal, and also applies to other influences than gender, becomes apparent from other studies in the present thesis. Moreover, the distinction between direct and indirect effects has shed light on the underlying reasons for many of the observed gender differences in entrepreneurship. It can be argued that gender is one of the many lenses that can be used for studying the phenomenon of entrepreneurship. By focusing upon one characteristic (i.e., explanatory factor) and its linkages, distinguishing between direct and indirect effects, a better insight can be created in the complex relationships between explanatory factors and their influence on entrepreneurship.

3.5. Pitfalls and Drawbacks of Female Entrepreneurship Research

An important criticism is that gender studies often overemphasize the focus on gender differences, ignoring similarities. This often results in reporting the results of studies that find significant gender differences, neglecting the discussion of studies where no differences are found. Moreover, findings that indicate that there are no gender differences are sometimes not accepted

\textsuperscript{18} See Parool, October 16th, 2004, Emancipatie stelt weinig voor [Emancipation is low] by Michiel Couzy. This article refers to research done by Annelies van der Horst at the Universiteit Maastricht.
And statistically significant results (e.g., finding gender differences) do not always reflect socially significant results. Hence, if a significant effect of the gender of the entrepreneur is found, it is important that a plausible explanation of this gender effect is provided, possibly through follow-up research. In female entrepreneurship research there is a risk of attaching too much weight to the findings of gender effects. Often, a dummy variable is used and it is easy to find a gender effect, in particular if other (intermediary) factors, correlating with gender, have not been taken into account. Also, gender research may be dictated by stereotype thinking. Women tend to be viewed as less entrepreneurial than men. Entrepreneurship is often associated with male values, such as decisiveness, risk-taking, and competitive. This stereotype thinking may direct female entrepreneurship studies towards anticipated results or interpretation of the results in conformity with gender stereotypes. For instance, because of this stereotype thinking of the entrepreneur as male, female entrepreneurs may be perceived as less entrepreneurial or even less successful. Hypotheses may be formulated and justified based on this stereotype image. A more ‘positive’ stereotype is that of the women as democratic leaders building relationships rather than managing from a hierarchical perspective. When researching management styles of female and male entrepreneurs, this image of the female entrepreneur as a relationship builder can be very pervasive and can impose itself upon the research(er) even though there has been only limited evidence of this finding in entrepreneurship research.

4. Conclusions and Future Research Suggestions

The present thesis shows that female and male entrepreneurs differ significantly with respect to a range of aspects of entrepreneurship. The studies show that there is evidence of gender differences in entrepreneurship both at the macro and the micro level. At the macro level the present thesis shows that there is some evidence of a positive relationship between female entrepreneurship (vis-à-vis male entrepreneurship) and economic performance at both the regional and country level.\(^{19}\) With respect to the determinants of entrepreneurship at the macro level it is found that the factors influencing female and male entrepreneurship are similar rather than different. Most of the factors that influence entrepreneurship in general, also influence female entrepreneurship. However, differential effects have been found for unemployment and life satisfaction, suggesting that the female share in self-employment is influenced by those factors. At the micro level most of the gender differences are attributable to indirect effects, although some evidence has also been found for direct gender effects. Even though most of the micro-level studies find some evidence for the existence of direct gender effects, these may be residual effects that exist because it is virtually impossible to take into account all factors that influence entrepreneurship. The present thesis has studied the characteristics of the average female entrepreneur, the profile of which has been described in one of the previous paragraphs. However, it may be that new generations operate their businesses in a different way than older generations of female entrepreneurs. It is therefore interesting to investigate the (differences in) profile of younger and older female entrepreneurs. In general, the information on female entrepreneurship can be enriched by investigating different types of female entrepreneurs in addition to the average female entrepreneur. For example, part-time versus full-time female entrepreneurs; married versus single female entrepreneurs; female entrepreneurs with and without children; and women running service versus production firms. Distinguishing between different types of female entrepreneurs also enables the comparison with male entrepreneurs in similar circumstances. Furthermore, this thesis has studied gender diversity in entrepreneurship in terms of individual and business characteristics. Most of the studies deal with business structuring and the input side of the business, focusing upon time investments, financial structure, (human

\(^{19}\) However, the exercises do not take into account a range of other factors influencing economic performance. In particular, the share of the service sector
resource) management, and organizational structure. The output side has not been investigated and, although there have been several studies investigating performance differentials between businesses of women and men, there is still need for further research. First, research should explore the type of output female entrepreneurs produce and the extent to which these are unique and contribute to entrepreneurial diversity. For example, because female entrepreneurs tend to pursue combinations of goals, they may also be more likely to engage in social entrepreneurship. Second, we have seen that businesses of women tend to be small, and are less likely to experience growth. Arguing that female entrepreneurship is important for economic performance thus seems a paradox. Future research may be able to unravel this paradox by focusing both upon the quantitative and qualitative contribution of (female) entrepreneurs. To summarize, the relations between female entrepreneurship, entrepreneurial diversity and economic performance should be further explored in empirical studies. Measurement issues are crucial here as female entrepreneurship can be measured in different ways. If the aim is to investigate the link between entrepreneurial diversity and economic performance, researchers should take the female share in entrepreneurial activity (as a measure of entrepreneurial diversity) as a starting point. Using female entrepreneurial activity rates (measured vis-à-vis the labor force) is likely to only establish a link between entrepreneurial activity and economic performance, as countries with relatively high total entrepreneurial activity rates also tend to be characterized by relatively high female entrepreneurial activity rates. Finally, future research on gender issues in entrepreneurship should explore different ways of approaching and measuring gender. In the present thesis gender is measured by way of biological sex. In this way sex and gender coincide. However, since some women may be more masculine than some men (and vice-versa), it is important to also explore other ways of measuring gender, investigating the degree of gender and using a continuous variable rather than a dummy variable (i.e., male versus female). As the feminization of society advances and it does not pass over men, studying masculinity versus femininity in the arena of entrepreneurship may be a fruitful alternative and/or complement to studying differences between female and male entrepreneurs in the future.

References


20 Gender diversity may be just one source of entrepreneurial diversity and advocating entrepreneurial diversity may also imply stimulating other groups of people such as ethnic groups and young people to become entrepreneurs.


13. European Commission, *Good practices in the Promotion of Female Entrepreneurship; Examples from Europe and Other OECD Countries*, (Brussels: 2002).


