

State of the Art Review



Is Expanding Women's Self-employment A Good Thing?



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Despite the increasing scope of the literature studying the influence of gender upon women's engagement with entrepreneurship, a number of foundational debates persist to inform research efforts – that fewer women create new ventures and when they do, their ventures are more likely to exhibit poorer performance parameters and are less likely to grow when compared to male-led businesses. Regardless of this, there is a generic presumption that entrepreneurship is a desirable career choice for women and moreover, society will benefit if more women become entrepreneurs. Within this SOTA review, we review the evidence that challenges the notion that entrepreneurship is a positive choice for women or indeed, necessarily generates broader socio-economic benefits. We base this argument upon the evidence that despite claims it offers women work-life balance, self-employment can create new time pressures and generate poorer returns than employment, whilst individual employment or State provided benefits such as paid ante-natal support, extended paid maternity leave, subsidised child care are rationed or absent.

Background

Since 2010, self-employment has accounted for around a third of employment growth (Tatomir, 2015), with part-time self-employment fuelling most of this increase (Wales and Agyiri, 2016). Notably, women have contributed significantly to this expansion; between 2008 and 2015, they represented 58% (377,000) of 650,000 recorded new entrants (Watson and Pearson, 2016). It has been noted that self-employment by women of colour is disproportionately increasing (Jayawarna, et al., 2019); this may be related to the evidence that low income Black and Asian women were particularly

affected by UK government austerity policies since 2010 reducing employment opportunities, especially in the public sector (Neitzert and Stephenson, 2016). This has in turn, prompted a push into self-employment. Increasing rates of self-employment amongst women have been a long term objective of public policy in the UK and Europe (Ahl and Marlow, 2019) so, recent expansion might be heralded as a positive outcome (Rose, 2019) but within this review we consider the evidence that questions whether self-employment per se represents a secure, well rewarded career choice for women given the types of ventures they create, the returns they achieve and constrained access to welfare benefits.

Evidence

Population profile

Despite extensive policy and support directives to expand women's share of self employment in the UK (Ahl and Marlow, 2019), it stayed relatively stable from the 1990s until 2010 when structural trends prompted an expansion (McAdam, 2013) Amongst these trends were policy level changes with widespread economic effects: job losses caused by austerity, the increase in women's retirement age (Watson and Pearson, 2016), and Universal Credit welfare reforms (Rabindrakumar, 2014). It has been found that women are more likely to enter self-employment with higher levels of human capital but, at a later age than men and are more likely to utilise entrepreneurial activity as a stop-gap between employment disrupted by caring demands or discrimination (Jayawarna et al., 2019) so relatedly, have younger firms with a shorter tenure. Welfare reforms have also prompted a rise in female single parents entering precarious necessity self-employment (Rabindrakumar, 2014) with single mothers being 25% more likely to become self-employed than single fathers (Jayawarna et al., 2019)

Sector

Firms owned by women are concentrated in crowded, lower-margin feminised sectors (health, caring, community and social activities) in micro and home based ventures (FSB; 2016), and representing less than 25% of business in the five most productive sectors, with 81% having fewer than five employees (Rose, 2019). Around half are concentrated in service sectors especially social care and education; it is within these sectors that most of the recent increases in women's self-employment have occurred (Tatomir, 2015). Despite increasing their share of self-employment, given their concentration in lower performing sectors and as part-time enterprises, women's ventures command a lower share of external investment; it is not surprising that venture capital, an indication of innovative activity, remains the provenance of men: less than 1% of UK venture funding, and only 4% of deals, go to all-women teams (Rose, 2019). Consequently, sectoral channelling has a considerable impact upon women owned venture performance and growth profiles (Anyadike-Danes et al., 2015).

Returns and Flexibility

When weighted with hours of work invested, financial returns to self-employment are lower than those to employment; gender exacerbates this differential with self-employed women experiencing notable income penalties particularly for those working part-time from home (Yuen et al., 2018). Claims of flexibility, often cited as a rationale for women to pursue self-employment given autonomy to decide upon where, when and how the venture will be operated, should be assessed with relation to the detrimental impact this has upon returns that are directly tied to labour capacity and time investment (Jayawarna et al., 2019). As both families and business venture are 'greedy institutions' (Lin and Burgard, 2018) prioritising domestic demands compromises returns from enterprise, whilst constraining growth intentions and capability (Jayawarna et al., 2014). Prioritising

the firm however, generates work-life conflict and undermines the flexibility rationale for self-employment (McGowan et al., 2012). Consequently, the pursuit of flexibility demands a notable trade off in terms of income and time. This is also evident for part-time employment; however, this does offer more stability and access to employment and welfare benefits (Du Rivage, 2018).

Welfare benefit provision

Whilst employees have a statutory right to a national minimum wage, sick pay, holiday pay, enhanced maternity benefits and supported flexible working options, by definition the self-employed do not (Klyver et al, 2013). This is particularly detrimental for women who have a much higher dependency upon employer or state benefits for income support, childcare costs and maternity support (Stumbitz and Rouse, 2018). Moreover, women are over-represented in the poorest groups in society whether as single parents or in older age so, have a higher dependency on welfare benefits. The self-employed do not have the same access to welfare benefits by virtue of their status and also, few invest in adequate insurance to cover issues such as loss of earnings (Hughes, 2017). The lack of such benefits is detrimental to all the self-employed but more so to women given much higher take up of benefits related to maternity and child care whilst lower and volatile returns from self employment leaves them vulnerable to income fluctuations. Indeed, it is suggested that the inflexibility of the benefit system encourages informal enterprise amongst benefit dependent women given the considerable risks involved of exchanging secure benefit income for that of insecure self-employment (MacInnes et al., 2014). There is also an emerging trend of 'bogus' self-employment, wherein workers are told that they are self-employed when in fact legal tests would likely define them as employed, causing them to lose employment rights, such as holiday and sickness entitlements, and lost tax revenues for government. Evidence suggests that zero-hours and gig economy self-employment is increasing in traditionally female dominated sectors, and those that prior to austerity were under the remit of the public sector, including caring and cleaning (Citizens Advice, 2015; Watson and Pearson, 2016). Policy changes regarding access to welfare rights have made a notable difference in France, where the self-employed can draw upon funded maternity leave, unemployment allocations and pension contributions that have been aligned with those of employed workers, resulting in a doubling of total entrepreneurship rates between 2017-2018 (Hart, et al., 2018).

Summary and Evidence Gaps

From the 1990s there has been a sustained policy effort to encourage more women to enter self employment based upon the axiom that such expansion is good for women and the economy. Since 2008, government enthusiasm for this strategy has waned but there are periodic reviews such as the Rose report (2019), work by the Women's Budget Group (2016) and publications from professional support groups, such as the Federation of Small Business (2016) regarding women's entrepreneurship. The foundational assumption underpinning this work hinge upon the quest of 'getting more women into self-employment', often by correcting personal failings such as risk adversity and lack of self-confidence. Thus, women will be able to 'realise their potential' through entrepreneurship which will enable them to work more flexibly with greater autonomy whilst the value created by their enterprises will enhance national productivity. There is, however, evidence to contest the fundamental assumption that encouraging more women into self-employment is universally positive for them and the economy. This has shown that given prevailing structural constraints regarding gendered sectoral channelling into lower performing industries, fewer women owned firms realise

sustainable returns through growth, whilst claims of flexibility are compromised by balancing time against performance (Yousafzai, 2018). This is not a problem associated with women's entrepreneurial propensity or competency but one where women are expected to use agency to address broad based socio-economic structural constraints, and are criticised for a lack of entrepreneurial ambition, when they fail to do so (Ahl and Marlow, 2019). Of course women should be encouraged and enabled to enact their entrepreneurial propensity; many, particularly those with high levels of human and entrepreneurial capital, do create successful and sustainable ventures, but the evidence indicates that the universal 'more is better' thesis is the wrong approach. This shifts the responsibility to individual women to use agency to address gendered structural constraints and for those who struggle to do so, this can lead to stress, disillusionment, financial losses and a sense of failure. Self-employment is marketed to women as a flexible option which enables greater self-actualisation but, this should be balanced with a 'reality check' regarding the poor prospects for those entering crowded volatile sectors, operating part-time, or who are sole house hold earners without the benefit of additional secure incomes compensating for the volatility of self-employment.

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