Spotlight
by CeFEO

How do life transitions shape self-employment for men and women?

Gendered transitions to self-employment and business ownership

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Family life and work decisions are deeply interconnected, particularly when it comes to self-employment. For family businesses, understanding the nuanced influences of household dynamics is crucial. This article takes a deep dive into the gendered aspects of transitioning from employment to self-employment and business ownership. Drawing on data from the UK's Understanding Society survey, the study sheds light on how life course events like marriage, having children, and long working hours impact men's and women's entrepreneurial decisions differently.

WHAT WE STUDIED

The research uses the sociological framework of "linked lives," which highlights how individuals' decisions are shaped by the life transitions of those they live with. The study analyzed 10 waves of data from the UK's Understanding Society survey, focusing on transitions into self-employment and business ownership. The authors used fixed-effects models to examine how demographic changes—such as marriage, cohabitation, and childbirth—influence these transitions differently for men and women.

KEY INSIGHTS

1. The Flexibility Argument

Self-employment often offers flexibility in managing work and family life. For women, particularly mothers, this flexibility becomes a key factor in the decision to move into self-employment. Women with children, especially after the second child, are significantly more likely to become self-employed, driven by the need for work-life balance.

2. Impact of Children

While the arrival of children has little effect on men's decisions to enter self-employment, it plays a major role for women. The birth of a second child, in particular, raises the likelihood of women transitioning to self-employment, highlighting the continued gendered division of labor in the household.

3. Marriage and Cohabitation

Marriage increases the odds of both men and women transitioning to business ownership, while cohabitation has a smaller, though still significant, effect. For women, the transition to business ownership is also closely linked to marriage, underscoring how relationship stability plays a role in entrepreneurial risk-taking.

4. Partner's Long Hours:

Both men and women are more likely to move into self-employment when their partners work long hours. However, this effect is more pronounced for women, who often face greater pressure to find flexible work arrangements to accommodate household responsibilities.

TAKEAWAYS

1. For Women

Family dynamics, particularly the arrival of children, are major drivers for women transitioning to self-employment. This highlights the need for family businesses to consider flexible work policies that support women in balancing work and caregiving roles.

2. For Men

While men's self-employment decisions are less influenced by household transitions like childbirth, the

data show that marriage and long working hours of their partners do have an effect. Businesses should consider how family support systems can encourage male entrepreneurship.

3. Role of Birth Parity

The study reveals that the birth of a second child significantly impacts women's likelihood of entering self-employment. This suggests that policies focused on supporting women after the birth of multiple children could help mitigate the gender gap in entrepreneurship.

IMPACT

The study offers valuable insights into the broader issue of gender inequality in entrepreneurship. It shows that while self-employment can provide flexibility for women, it often comes with trade-offs in terms of income and career progression. Understanding the household factors influencing these transitions is essential for developing more inclusive family business practices and policies.

RECOMMENDATIONS

Family businesses should explore ways to support women's entrepreneurial ambitions, particularly after they become mothers. This could include more flexible work arrangements, childcare support, and family-friendly policies. Additionally, couples should be encouraged to share household responsibilities more equally to facilitate entrepreneurial growth for both partners.

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