Women’s Self-Employment and Freelancers: Observations on Female Entrepreneurship

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Abstract. This paper focuses on the features of female entrepreneurship. Based on a brief review of the existing literature we identify some major lines of argumentation which treat female self-employment in context with 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 results of an own empirical survey on micro-entrepreneurs in the federal country of Carinthia (Austria) where we discuss findings based on the gender aspect. The results indicate that women have smaller companies, are intensively 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.

1. Female Self-employment: What Do We Know?

The complex interaction of technological development and socio-demographic change 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 working. 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 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

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et al., 2012), towards growth (Dautzenberg, 2012; Costin, 2012) or regarding their social capital (Sappleton, 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

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 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. Noseleit (2014) confirms by his data 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 broader 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, all that belongs to the terrain we have learned to know 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 chapters 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 generated data from an own empirical survey in Carinthia, one of the federal states in Austria (Figure 1).

*Figure 1: Two-sided consideration of female self-employment*
Currently (2014) the number self-employed people in the European Union (EU-28) amounts to approximately 30.62 million. About 31.8 % of them are females; this corresponds to a number of 9.73 million. In Austria, the share of self-employed females in percent of total self-employment is significantly higher and amounts to 35.8 % (157,600 self-employed females). A similar share can be observed in Germany with 33.1 % of all self-employed persons being women. In Italy and Sweden, by contrast, only 30.4 % (1.47 million) and 28.7 % (119,600) of all self-employed individuals are female. In the UK the share of female self-employment lies close to the EU-28 level and amounts to 31.9 %. This value corresponds to 1.31 million self-employed women (see Table 1).

Table 1: Cross-country comparison of the number of self-employed persons and female shares, 2014 (in %)

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of self-employed</th>
<th>Females</th>
<th>Female share</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU-28</td>
<td>30.62 million</td>
<td>9.73 million</td>
<td>31.8%</td>
</tr>
<tr>
<td>Germany</td>
<td>3.83 million</td>
<td>1.27 million</td>
<td>33.1%</td>
</tr>
<tr>
<td>Austria</td>
<td>0.44 million</td>
<td>0.16 million</td>
<td>35.8%</td>
</tr>
<tr>
<td>Italy</td>
<td>4.83 million</td>
<td>1.47 million</td>
<td>30.4%</td>
</tr>
<tr>
<td>Sweden</td>
<td>0.42 million</td>
<td>0.12 million</td>
<td>28.7%</td>
</tr>
<tr>
<td>UK</td>
<td>4.12 million</td>
<td>1.31 million</td>
<td>31.9%</td>
</tr>
</tbody>
</table>

(Source: Eurostat-Database (2015a); own calculations)

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 the rate of self-employment is 10.9 % significantly lower as compared to the EU-28. The same applies to Germany where the self-employment rate is even below the Austrian level (9.8 %). Italy represents a special case among the selected countries with 22.2 % of the total working population being self-employed. In Sweden the situation regarding self-employment is very similar to Germany and Austria. Thus, 9.1 % of the total workforce is self-employed. In the UK the rate of self-employment (14.0 %) approximately corresponds to 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, Italy as well as the UK this gender-gap is especially pronounced (see Table 2).
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 2006 (-0.2 percentage points). A similar outcome can be observed in Austria where the rate of self-employment has decreased only by 0.4 percentage points since 2006. During the same time period the UK was marked by a slightly upward trend (+1.6 percentage points) while in Italy the self-employment rate went down by 1.5 percentage points. A slight downward trend can also be observed in Germany and Sweden where self-employment relative to total employment has declined by 0.8 and 0.7 percentage points respectively (see Figure 2).

### Table 2: Cross-country comparison of the rate of self-employment, 2014 (in %)

<table>
<thead>
<tr>
<th>Country</th>
<th>In total</th>
<th>Males</th>
<th>Females</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU-28</td>
<td>14.4 %</td>
<td>18.2 %</td>
<td>9.9 %</td>
</tr>
<tr>
<td>Germany</td>
<td>9.8 %</td>
<td>12.4 %</td>
<td>6.9 %</td>
</tr>
<tr>
<td>Austria</td>
<td>10.9 %</td>
<td>13.3 %</td>
<td>8.3 %</td>
</tr>
<tr>
<td>Italy</td>
<td>22.2 %</td>
<td>26.7 %</td>
<td>16.0 %</td>
</tr>
<tr>
<td>Sweden</td>
<td>9.1 %</td>
<td>12.4 %</td>
<td>5.4 %</td>
</tr>
<tr>
<td>UK</td>
<td>14.0 %</td>
<td>17.9 %</td>
<td>9.5 %</td>
</tr>
</tbody>
</table>

(Source: Eurostat-Database (2015a); (2015b); own calculations)
Regarding the development of total self-employment over time, no clear trend can be identified. In Austria and the UK the number of self-employed persons has followed an upward trend since 2006, whereas the increase was significantly higher in the UK (+17.1 %) as compared to Austria (+3.1 %). In the EU-28, Germany, Italy and Sweden, by contrast, self-employment went down with rates of decline lying between -8.9 % and -1.0 %. 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 4.9 % from 2006 to 2014 while male self-employment decreased by 3.5 %. In Austria, female self-employment was also marked by a significantly stronger upward trend. Accordingly, the percentage change from 2006 to 2014 is 9.7 % in the subgroup of female self-employed, while male self-employment remained relatively constant (-0.2 %). The German development corresponds, in principle, to the EU-28. While the number of self-employed males decreased by 5.0 % from 2006 to 2014, female self-employment experienced an upward trend of +4.3 %. Italy again represents an exceptional case. Accordingly, in Italy even the number of female self-employed went down by 5.0 %, although this decline was less pronounced as compared to the group of males (-10.6 %). Sweden stands out for the strong growth of female self-employment (+11.5 %) compared to males where the number of self-employed persons has decreased by 6.6 % since 2006. In the UK, the gender gap is even more distinct. Thus, female self-employment has risen substantially by 35.5 % since 2006. The growth rate for males is, by contrast, considerably lower and amounts to 10.1 % (see Table 3).

Table 3: Cross-country comparison of the development of total self-employment, 2006-2014 (%)

<table>
<thead>
<tr>
<th>Country</th>
<th>In total</th>
<th>Males</th>
<th>Females</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU-28</td>
<td>-1.0 %</td>
<td>-3.5 %</td>
<td>4.9 %</td>
</tr>
<tr>
<td>Germany</td>
<td>-2.1 %</td>
<td>-5.0 %</td>
<td>4.3 %</td>
</tr>
<tr>
<td>Austria</td>
<td>3.1 %</td>
<td>-0.2 %</td>
<td>9.7 %</td>
</tr>
<tr>
<td>Italy</td>
<td>-8.9 %</td>
<td>-10.6 %</td>
<td>-5.0 %</td>
</tr>
<tr>
<td>Sweden</td>
<td>-2.0 %</td>
<td>-6.6 %</td>
<td>11.5 %</td>
</tr>
<tr>
<td>UK</td>
<td>17.1 %</td>
<td>10.1 %</td>
<td>35.5 %</td>
</tr>
</tbody>
</table>

(Source: Eurostat-Database (2015a); own calculations)

A subgroup of total self-employment is represented by solo self-employment. In particular, these are self-employed individuals working on their own without any employees. As shown in Figure 3, the share of solo self-employment in percent of the total number of self-employed is 71.5 % in the EU-28 (data 2014). A very similar rate of solo self-employment is given in Italy (72.1 %). The UK exhibits an even higher share of solo self-employment amounting to 83.0 %.
Austria and Germany the rates of solo self-employment are comparatively low; in 2014 58.0% (Austria) respectively 55.4% (Germany) of all self-employed individuals belonged to the category of solo self-employed. Sweden is somewhat closer to the EU-average with 61.3% of all self-employed individuals working as sole entrepreneurs without any employees. 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 and Germany these gender discrepancies are particularly strong (Austria: 50.5% versus 71.4%, Germany: 50.4% versus 65.5%). The UK exhibits, by contrast, the less pronounced gender gap (81.7% versus 85.7%).

Figure 3: Cross-country shares of solo self-employment in % of total self-employment, 2014 (in %)

(Source: Eurostat-Database (2015a); own calculations)

Moreover, solo self-employment is marked by a very dynamic development, especially in the subgroup of females. Thus, in each of the considered countries – except for Germany – solo self-employment developed more dynamically as compared to the trend in total self-employment. According to this, positive growth rates tend to be larger when looking at solo self-employment compared to total self-employment. Conversely, decline rates are less significant in the case of solo self-employment. In Germany, however, solo self-employment has decreased marginally stronger than total self-employment since 2006. 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 or decreased considerably less compared to their male counterparts.
On the other hand, this increase was even higher than the rise of total female self-employment (see Table 3 and Table 4).

Table 4: Cross-country comparison of the development of solo self-employment, 2006-2014 (%)

<table>
<thead>
<tr>
<th>Country</th>
<th>In total</th>
<th>Males</th>
<th>Females</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU-28</td>
<td>2.3 %</td>
<td>0.0 %</td>
<td>6.8 %</td>
</tr>
<tr>
<td>Germany</td>
<td>-3.4 %</td>
<td>-7.9 %</td>
<td>4.6 %</td>
</tr>
<tr>
<td>Austria</td>
<td>2.3 %</td>
<td>-4.5 %</td>
<td>12.6 %</td>
</tr>
<tr>
<td>Italy</td>
<td>-7.9 %</td>
<td>-9.0 %</td>
<td>-5.3 %</td>
</tr>
<tr>
<td>Sweden</td>
<td>-1.6 %</td>
<td>-7.2 %</td>
<td>12.0 %</td>
</tr>
<tr>
<td>UK</td>
<td>25.6 %</td>
<td>17.9 %</td>
<td>45.0 %</td>
</tr>
</tbody>
</table>

(Source: Eurostat-Database (2015a); own calculations)

3. Going Deeper: Features of Female Entrepreneurs

As already mentioned at the beginning of section 2, the features of female self-employment are further examined on the basis of data from an own empirical survey in Carinthia, the southern federal state of Austria. The implemented survey focuses on solo entrepreneurs – so-called one-person enterprises – in the industrial sector, i.e. registered in the Chamber of Commerce. 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 invited to participate in the online survey. The response rate was 7.0 % resulting in a sample size of 626 one-person enterprises. 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.

The considered gender differences are shown in Table 5. As can be seen from the empirical analysis, we found evidence that females are intensively part-time self-employed. In total, 27.5 % of the asked female one-person enterprises are working not more than 20 hours per week. For males this share amounts to 19.8 %. Moreover, about one third (33.6 %) of the females are working 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

2. New self-employed (e.g. freelance journalists) are not considered due to missing data.
obligations and the associated unavailability to realize a higher time scope, i.e. more working hours.

Table 5: Gender differences for selected aspects of self-employment

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

(Source: own calculations)

Looking at the monthly net income of the asked one-person enterprises 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 not more than €1,000 per month from their business activity. In the higher income categories, by contrast, males are dominant. Statistical significance of the gender differences is given at the 1 %-level.

Although female entrepreneurs are intensively part-time self-employed and earn less, their job satisfaction is significantly higher than for men. As can be seen from Table 5, 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. Hence, females are more optimistic regarding their entrepreneurial future (very/rather optimistic: 87.8 %) than males, where “only” 84.9 % exhibit very or rather optimistic future prospects. In each case the gender differences are statistically significant at least at the 5 %-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 assess the
improved work-life-balance – mainly due to childcare obligations – significantly
more than male one-person enterprises.

4. Conclusion: What Did We Learn?

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 respect to self-employment, our empirical inspection has found that
the gap between men and women tends to become closer 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. In addition 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 Klinglmair, 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 life-world sense including all factual restrictions, wants, and
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 go down to the grips of
household rationalities to understand that different divisions of gender
participation are not only a reflection of discrimination but also the mirror of
different social constraints in a 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 (Kay et
al., 2014). 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., 2011, Brush et al. 2013).

To conclude, the article tackled just a sample of questions and the literature survey was restricted to a few aspects. Of course, several further questions remain on the agenda for additional 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 how do female entrepreneurs deal with the continuation of their business during their maternity leave? A research question in a different direction has to deal with cross-country differences within female self-employment ratios. How and why do institutions and culture matter to explain those variations.
References:


