Gender and Entrepreneurship as a Career Choice:
Do Self-Assessments of Ability Matter?*

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INTRODUCTION

Women have started businesses in significantly greater numbers over the past two decades, though gender inequality in entrepreneurship continues to be especially pronounced when compared to the traditional labor market (Aldrich 2005; OECD 1998). For example, in 2005, women comprised 56 percent of professional and technical workers and 42 percent of legislators, senior officials, and managers (UNDP 2008). By contrast, in the same period, women were majority owners of only 30 percent of all privately held US firms (Center for Women’s Business Research 2004). Even when taking into account income, wealth, industry and standard demographic and human capital factors, men are still about twice as likely as women to pursue business creation as a labor-market strategy (Kim, Aldrich, and Keister 2006).

Despite this persistent gender gap in entrepreneurship, most existing research on the subject has focused on samples of people who are in the process of starting a new business or who already own one. This means that knowledge about the mechanisms contributing to men’s persistently higher odds of pursuing business ownership is relatively limited. At the same time, there is anecdotal evidence that cultural beliefs about gender and entrepreneurship have consequences for women entrepreneurs. For example, women entrepreneurs frequently report that perceived lack of credibility by investors due to their gender disadvantages them in their searches for credit (Moore and Buttner 1997; Carter and Cannon 1992). Theory suggests that gender stereotypes may systematically disadvantage women entrepreneurs (see Heilman and Chen 2003), though few studies have investigated the extent to which cultural beliefs about gender might impact men and women in the initial decision-making process of choosing to start a business in the first place.
Therefore, the primary purpose of this research is to develop and evaluate one mechanism by which shared cultural beliefs about gender may influence the likelihood that men and women identify and pursue entrepreneurship as a viable labor-market option. I frame this study within status characteristics theory, a theory that has been extensively evaluated in highly controlled laboratory settings. First, I propose that men and women draw on gender status beliefs in order to assess their ability at entrepreneurship. Specifically, cultural beliefs that accord men higher competence than women at tasks that “count” and stereotypes that associate entrepreneurship with men and masculinity generate different standards of attributing experience to ability among men and women. This process leads to differences in the assessments that men and women make of their own competence at entrepreneurship. Second, I propose that self-assessments of entrepreneurial ability shape men’s and women’s interest in and pursuit of business ownership as a work strategy, thereby accounting for a considerable proportion of the gender gap in start-up rates. Additionally, I investigate whether women’s self-perceived lack of competence at entrepreneurship continues even after they have become an entrepreneur. Importantly, by influencing self-assessments of ability, it is possible that cultural beliefs about gender play a role in constraining women’s involvement in economic development and more broadly, their position as leaders in society.

GENDER AND ENTREPRENEURSHIP

Sociologists have largely understood gender differences in business start-ups and success by examining how gendered patterns found in the paid (employee) labor market map onto the experiences of the self-employed. Specifically, when compared to men, women’s labor market interruptions, lower occupational status, relative lack of managerial experience on average, and
relatively more homogeneous networks disadvantage them in their ability to access information and recognize business opportunities (Loscocco et al. 1991; Loscocco and Robinson 1991; Renzulli, Aldrich and Moody 2000). Men entrepreneurs also have particularly gender homophilous discussion networks (Aldrich et al. 1989; Ruef Aldrich and Carter 2003), which may add to women’s network disadvantage.

While a lack of business contacts and connections to other entrepreneurs may put women at a general disadvantage for recognizing business opportunities, others have focused on the mechanisms that lead men and women toward entrepreneurship. For example, women are much more likely than men to be “pushed” into entrepreneurship as a result of work/family conflict and gender discrimination in traditional work environments (Budig 2006; Buttner and Moore 1997; Heilman and Chen 2003). Discrimination in the labor market can also have an indirect effect on self-employment outcomes, as people who seek refuge from discriminatory experiences via self-employment may also be disadvantaged in terms of managerial experience and network diversity.

Taken together, these studies suggest that women’s structural disadvantages regarding human, network, and financial resources in the overall population indeed contribute to their lower likelihood of starting a business. However, because most studies have focused on individuals who are already interested in entrepreneurship or who are entrepreneurs, there is a relative lack of understanding of the earliest stage of nascent entrepreneurship; that is, how do individuals come to recognize that starting a business might be a viable option for work in the first place? Specifically, individuals who were initially steered away from entrepreneurship due to lack of information and biased or incomplete perceptions are not present in the sample. This is particularly problematic for the question of gender, since the design masks implicit incentives
embedded in the cultural environment that lead people toward entrepreneurship in the first place. For example, it is not clear why women who have adequate structural advantages to start a business are less likely than men to do so. In this study, I address this limitation by analyzing a sample of the US adult population. I propose that gender-differentiated self-assessments of competence at the task of entrepreneurship, which stem from and are supported by shared cultural beliefs about gender, place constraints on men’s and women’s choices to pursue entrepreneurship as a career.

GENDER BELIEFS AND ENTREPRENEURSHIP

Sociologists increasingly understand gender as a multilevel structure, which includes cultural beliefs and distributions of resources at the macro level, patterns of behavior at the interactional level, and roles and identities at the micro level (Ferree, Lorber, and Hess 1999; Ridgeway and Correll 2004; Risman 1998). Because processes at each level simultaneously reinforce each other, the gender structure is an overdetermined system that powerfully reinforces inequality. In this analysis, I focus specifically on shared cultural beliefs about gender that prescribe different expectations of competence for women and men (or gender status beliefs) in the area of entrepreneurship, and analyze the implications of those beliefs for women’s career choices. I do this by first examining the degree to which self-assessments of entrepreneurial ability may be gender-differentiated, and then evaluating the extent to which this difference accounts for the gender gap in the pursuit of entrepreneurship.

Studies suggest that men are widely thought to be more capable (Williams and Best 1990:334) and more competent (Fiske et al. 2002:892) than women. For example, Fiske et al. (2002) found that diverse samples of respondents from different regions of the United States consistently rated the category “men” higher than the category “women” on a multidimensional
scale of competence, regardless of their age. Specifically, participants were asked: “As viewed by society, how [competent, confident, capable, efficient, intelligent, skillful] are the members of this group?” (Fiske et al. 2002:891). Experimental research corroborates this finding: people tend to expect more competent task performances from men than from women, except in cases where the task being performed is particularly “feminine”, such as a nurturing task (Ridgeway 2009; Ridgeway and Correll 2004; Wagner and Berger 1997). Importantly, scholars have noted that it is particularly in contexts where the task in question is male-typed when gender beliefs about competence become linked to performance evaluations and ability assessments (Ridgeway 2009; Ridgeway and Correll 2004).

Research widely confirms that entrepreneurship is one such male-typed activity. In a study of business students in the United States, India and Turkey, Gupta et al. (2009) demonstrated that respondents in all three contexts strongly associate entrepreneurship with stereotypically masculine characteristics. Buttner and Rosen (1988) similarly found that American loan officers rated women as significantly less like “successful” entrepreneurs on the dimensions of leadership, autonomy, risk taking, readiness for change, endurance, lack of emotionalism, and low need for support when compared to equivalent men. More generally, scholars have argued that entrepreneurship is an activity that involves a sense of dominance tied to notions of masculinity within modern capitalist cultures (Bruni, Gherardi, and Poggio 2004; Connell 1995; Mirchandani 1999).

Notably, this masculine stereotype of entrepreneurship has been shown to have a strong impact on women’s intentions and experiences. For example, when women are exposed to the masculine stereotype about entrepreneurs, they are much less likely to demonstrate entrepreneurial intentions (Gupta and Bhave 2007). Women entrepreneurs in the US and Europe
also report that they often perceive that they lack credibility because of their gender when they seek funding (Carter and Cannon 1992; Moore and Buttner 1997; Smallbone et al. 2000).

I rely on status characteristics theory to develop hypotheses about the effect of cultural beliefs about gender on self-assessments of entrepreneurial ability. An outgrowth of expectation states theory, status characteristics theory examines the development of power and prestige hierarchies in collectively oriented task groups and identifies and tests the valued attributes that imply task competence (Berger et al. 1977). A status characteristic can be a categorical distinction based on either a personal attribute (e.g., gender, race) or a role (e.g., manager). Gender operates as a “diffuse status characteristic” in that it is a cue for general expectations of competence: People tend to expect more competent task performances from people with the more valued state of the characteristic (men) compared to those with the less valued state (women). This is the case not just for male-typed tasks, but also for most general tasks. In turn, these performance evaluations tend to operate in a self-fulfilling way. For example, because they are expected to be more competent, higher status actors have their performances evaluated more positively, are given more opportunities to participate and tend to have more influence over others in groups (Correll and Ridgeway 2003; Ridgeway 1993; Wagner and Berger 1997).

Furthermore, because diffuse status characteristics inform expectations of competence for particular individuals in a given setting, they can also inform the standards that are used to determine the extent to which a task performance indicates ability (Foschi 1989). As higher status group members, men tend to have their performances judged by a more lenient standard than women, who are lower status group members (Foschi 1996, 2008; Foschi, Lai, and Sigerson 1994). This is because when women perform well, their performances are inconsistent with status-based expectations; when men perform equally well, their performances are consistent
with expectations, and are, as a result, less scrutinized. This creates a double standard for the level of performance needed to generate a positive assessment of competence at a gendered task.

Experimental research demonstrates that this phenomenon can occur when the assessor is a third, non-performing party (Foschi et al. 1994) or one of two performers (Foschi 1996, 2008). For example, when women received feedback that they clearly scored higher than their male partners, they imposed a stricter standard on themselves than men did when they outperformed their partner to the same degree (Foschi 2008). Moreover, even in the absence of any feedback about ability, men still reported believing that they had more ability at the task relative to their partner than women did (Foschi 2008).

While status characteristics theory has mostly restricted its scope to collectively oriented task groups, recent research has established that status generalization can occur in individual evaluative settings (Correll 2004; Lovaglia et al. 1998). Correll (2004) argues that even when self-evaluations do not occur in collectively oriented group settings, individuals still feel pressure to assess their task competence relative to others because evaluative tasks often have the explicit purpose of ranking performances of actors. However, standards for a competent performance are often not clearly defined. Therefore, status characteristics play a role such that those with the more valued state of the characteristic (men) hold higher expectations for their performance and see their performances as more competent versus those occupying the less valued state (women), regardless of any “objective” measures of performance. Importantly, gender must be salient as a status characteristic in the setting for this to occur. This is the case when men are believed to be generally better at the task, for example.

Indeed, several studies have shown that status beliefs impact task performance in individual task settings (Lovaglia et. al. 1998; Shih, Pittinsky, and Ambady 1999; Steele and
Aronson 1995). Particularly important for the current research however, gender status beliefs have also been shown to inform individuals’ self-assessments of their own competence at career-relevant tasks (Correll 2001, 2004). Gender-differentiated self-assessments significantly impact career choices because both men and women must adopt to a certain extent a perception of themselves as competent at the tasks necessary for a specific career if they are to pragmatically choose that career.

EMPIRICAL PREDICTIONS

As discussed earlier, entrepreneurship is viewed as a particularly male-typed task. The fact that there are far fewer women than men entrepreneurs overall may also serve to reinforce stereotypes about men’s higher levels of ability at entrepreneurship. Women’s gender homophilous and relatively homogeneous social networks may also restrict their opportunities to personally know an entrepreneur and thus be aware of what kinds of skills and knowledge it actually involves. This suggests that women may be especially less likely to know someone of the same sex who is an entrepreneur, a person who might challenge widely held beliefs about women’s competence at entrepreneurship.

In addition to the stereotype of entrepreneurship as a male-typed task, there are no collectively agreed upon criteria that necessarily deem a person to be competent at the task. Under these conditions, gender status beliefs are readily available to impact self-assessments of entrepreneurial ability. Because higher performance expectations lead to more lenient performance standards for men in settings where the activity is believed to be male-typed, I propose that:

Hypothesis 1: Men’s self-assessments of their entrepreneurial competence will be higher
than women’s, despite having the same measurable levels of human capital, financial capital, and network resources.

Next, as long as individuals use a rubric to determine their competence, it is likely that women will hold themselves to a stricter standard. I suspect that one such rubric may be education level.

Hypothesis 2: Women will require a higher level of education on average than men do before they consider themselves competent at entrepreneurship.

Furthermore, because self-assessments of ability lead to career interests and aspirations, a certain level of entrepreneurial competence is likely deemed to be a prerequisite for the pursuit of entrepreneurial opportunities (though importantly, only in the usual circumstance that entrepreneurship is not being considered for reasons of economic necessity alone).

Hypothesis 3: Positive self-assessments of ability will have a strong positive effect on the likelihood that a person is an entrepreneur, thereby accounting for a considerable amount of the observed gender gap in entrepreneurial activity.

Finally, I investigate whether women’s lower self-assessments of their abilities continues even after they become an entrepreneur. That is, while positive assessments of ability may indeed increase both men’s and women’s likelihood of being an entrepreneur, I suspect that:

Hypothesis 4: Women business owners will be less likely to view themselves as competent at the task when compared to men business owners.

There are two theoretical reasons for the final hypothesis. First, women entrepreneurs may be particularly apt to question their abilities at entrepreneurship because other entrepreneurs, those to whom a comparison is implicitly being made, are predominantly men who possess the advantaged status characteristic when it comes to entrepreneurial competence. Second, when the decision to start a business is not solely based on perceived market opportunities, but rather
involves responses to labor market constraints, an individual may continue to doubt his or her ability to be successful in entrepreneurship. This is especially the case for women because, as discussed earlier, more women than men are “pushed” into entrepreneurship as a result of negative experiences in the traditional labor market, such as discrimination or lack of flexibility. This often results in women having less managerial experience and fewer network ties upon becoming a business owner, which could contribute to self-doubts about ability.

DATA AND METHOD

I draw on Global Entrepreneurship Monitor (GEM) data from the United States from 2001–2005 (15,242 respondents in total) to evaluate my hypotheses. I first examine gender differences in self-assessments of entrepreneurial ability, and then consider how such assessments influence the gender gap in entrepreneurial activity. Self-assessments of entrepreneurial ability are measured dichotomously with the item: “You have the knowledge, skill and experience required to start a business.” Respondents either agree (yes = 1), or disagree (no = 0). I define an entrepreneur as a person who currently, alone or with others, is either trying to start his or her own new business or is already a business owner. Entrepreneurs are coded 1, all others are coded 0.

Gender is the independent variable of central importance; this is coded as a dummy variable (1 = female, 0 = male). Other independent variables adjust for important factors that may influence self-assessments of entrepreneurial ability and that are known to influence the likelihood of business ownership. These include human capital-related factors (age, education, and workforce status), the availability of personal financial resources (household income bracket), and a basic measure of network resources (whether the respondent personally knows another entrepreneur). In a subsequent analysis, I investigate whether the gender gap in self-
assessments persists among the population of established business owners. These models include only respondents who are established business owners and adjust for characteristics of businesses that could have an important impact on self-assessments of entrepreneurial ability, including sole ownership, business size and industry.

All analyses use standard logistic regression modeling techniques to estimate the odds that a respondent agrees that he or she has the ability to be an entrepreneur and the odds that a respondent is an entrepreneur (while adjusting for the covariates discussed above).

RESULTS

Overall, results suggest that that self-assessments of ability are strongly gendered and that they are key factors in the decision-making process that lead a person to pursue business ownership or not. First, net of the measured human, social and financial resources, men respondents are almost two times more likely than women respondents to agree that they have entrepreneurial ability. This supports the theoretical premise that gender status beliefs about who is better at the task of entrepreneurship (i.e., men) are particularly apt to creep into self-evaluations of entrepreneurial ability.

Second, interaction effects between gender and education level suggest that women require of themselves a higher level of education on average than men do before they are willing to consider themselves able to be an entrepreneur. Specifically, for women, having a postsecondary degree is associated with a 72 percent increase in the odds that she positively assesses her own entrepreneurial ability, but only a 26 percent increase for men. Similarly, having graduate experience is associated with a 68 percent increase in the odds of assessing oneself as competent at entrepreneurship for women, but only a 19 percent increase for men.
This finding supports the theory that women may judge their own competence at entrepreneurship by a harsher standard than men do.

Third, self-assessments are strongly associated with the odds of being an entrepreneur: respondents who believe that they have the ability to be an entrepreneur are five times more likely to actually be one. Because self-assessments of ability are strongly gender-differentiated, including self-assessments in the model substantially reduces gender differences in the predicted probability of being an entrepreneur: in the final model, the predicted probability of being an entrepreneur is greater for men than women by only 0.02. This suggests that an important reason why women are less likely to start businesses than men arises from their self-perceived relative lack of ability at the task of entrepreneurship, a difference that emerges even when controlling for relevant resources.

Finally, an analysis which includes only established business owners indicates that gender-differentiated perceptions of entrepreneurial ability persist even after individuals are performing the task as highly comparable levels: men entrepreneurs are more than two times more likely than women entrepreneurs to believe that they have the knowledge, skills, and experience to be an entrepreneur. This is a larger gap in self-assessed competence than was observed even among the general population.

DISCUSSION

This research builds on resource-based approaches to investigate the impact that cultural beliefs about gender and the task of entrepreneurship have on the gender gap in entrepreneurship. The results suggest several important things for understanding the gendered process of choosing entrepreneurship as a work strategy. First, women are much less likely than similar men to perceive that they have the ability to be an entrepreneur. Status characteristics theory suggests
that this inequality arises because women hold themselves to a stricter standard when evaluating their competence at the male-typed task of entrepreneurship. The finding that women on average must have a higher level of education than men in order to perceive themselves as competent at entrepreneurship lends support to this claim. Furthermore, self-assessments of entrepreneurial ability strongly inform both men’s and women’s decisions to pursue entrepreneurialship. This means that women’s lower assessments of ability are a major factor contributing to their lower rates of business ownership vis-à-vis men. However, even after women pursue entrepreneurship as a work strategy, they are still much less likely than men to believe they are competent as an entrepreneur.

Importantly, there are no objective, collectively agreed upon criteria that deem a person “able” to be an entrepreneur, such as level of education, work experience, or number of social contacts. This provides ample room for gender status beliefs to provide a basis for self-evaluations. It also makes it impossible to establish whether a person is overestimating, underestimating, or accurately estimating their ability. Nonetheless, this study is limited in that it does not include detailed work history or network data. Such information could allow for comparisons of the self-assessments of men and women in even more similar structural positions, and better assess the degree to which individuals rely on gender status beliefs to attribute their own performance to ability. Women’s segregation in education and in labor market skills and work experience could also contribute to the observed gender gap in self-assessed ability if women perceive that there are more business opportunities in male-dominated fields, or that managerial experience is a requirement for entrepreneurship. However, while gendered workforce experience likely matters, the finding that the gender gap in self-assessments is
especially large even among established business owners who operate businesses of the same size in the same industry suggests that experience may not be a critical factor.

In sum, this study supports the theory that cultural beliefs about gender and entrepreneurship play a key role in determining who becomes an entrepreneur and who does not. This finding is substantial given that entrepreneurship, unlike any one specific job or occupation, is an entire form of work. That is, entrepreneurs encompass a wide range of occupational skills and educational backgrounds, not just those that are particularly male-dominated. Thus, the mere fact cultural beliefs advantage men at the task of business creation constrains the choices of otherwise qualified, creative women. Furthermore, entrepreneurs create jobs and contribute to economic development and innovation. If widely held cultural beliefs about gender constrain women’s involvement in that process, then their role as leaders in society, and in economic production more specifically, is also constrained.
REFERENCES


