

Sex-based labour market segregation and women's perceptions of entrepreneurship

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Here Professors Tonoyan, Strohmeyer, and Jennings investigate sex-based labour market segregation and women's perceptions of entrepreneurship

As noted in a [prior Open Access Government article](#), women tend to participate in entrepreneurial activity at lower rates than men within most countries included in the Global Entrepreneurship Monitor. Numerous plausible reasons for this gender gap exist.

A large-scale study by [Professors Vartuhi Tonoyan](#) (California State University, Fresno), [Robert Strohmeyer](#) (University of Mannheim), and [Jennifer E. Jennings](#) (University of Alberta) put forth and examined the argument that women are likely to possess less favourable perceptions than men, on average, of how easy it would be to start a business. These scholars further argued that this disparity can be attributed to sex-segregated positions within traditional wage-and-salary employment, which present structural disadvantages for women's entrepreneurship.

Sex-based labour market segregation

What are the different forms of sex-based segregation that characterise traditional wage-and-salary employment? One type, vertical sex segregation, refers to the tendency for women to be under-represented relative to men in higher-level managerial positions, a phenomenon commonly referred to as the 'glass ceiling'.

A second type, horizontal sex segregation, refers to the tendency for women and men to be overrepresented in gender-stereotypic occupations (such as elementary school teacher versus engineer, respectively). A third type, industrial sex segregation, refers to the tendency for women or men to be disproportionately represented in entire employment sectors (such as public administration, which is now female-dominated in many countries). Although much is known about how these forms of labour market segregation affect the career-related outcomes of employees, comparatively little is known about the implications for entrepreneurship.

Hypothesised implications for entrepreneurship

Tonoyan, Strohmeyer, and Jennings reasoned that the vertical, horizontal, and industrial sex segregation evident in the general labour market is likely to contribute to gender differences in the perceptions that employees hold of how easy it would be to start a business.

More specifically, these scholars hypothesised that a woman's greater likelihood of being employed in a non-managerial position, a female-dominated occupation, and/or female-dominated sector will result in a lower likelihood of securing entrepreneurship-relevant resources, entrepreneurial career previews, and exposure to environments conducive to entrepreneurship.

The researchers further hypothesised that these differences will manifest as a gender gap in perceived start-up ease – and that this gender gap will be wider in countries with higher levels of sex-based labour market segregation.

Large-scale, multi-country investigation

To assess the empirical support for their hypotheses, the research team analysed secondary data from the European Social Survey (ESS).

The 2005 version of the ESS was ideally suited for testing their hypotheses as it included a measure of perceived start-up ease as well as detailed information on the types of jobs and career experiences of respondents who were wage-and-salary employees at the time of data collection.

The large size and multi-country nature of the 2005 ESS enabled the researchers to test their hypotheses using data collected from over 15,700 employees across 22 European countries.

How and why sex-based labour market segregation affects start-up ease perceptions

The findings unearthed by Tonoyan, Strohmeier, and Jennings offer rigorous evidence that the persistent and pervasive sex-based segregation that characterises traditional wage-and-salary employment possesses negative implications for women's entrepreneurship.

After documenting that the female employees reported significantly lower start-up ease perceptions than the male employees, the researchers demonstrated that almost 30% of this gender gap could be attributed to the women's greater likelihood of being employed in a non-managerial position, a female-dominated job, and/or the public sector.

More nuanced analyses also offer important insight into why the above-noted indicators of sex-based labour market segregation contributed to the observed gender gap in perceived start-up ease. Specifically, Tonoyan, Strohmeier, and Jennings found empirical support for their argument that the types of jobs that women are more likely than men to hold as employees provide less opportunities to:

- a) Acquire resources relevant to starting a venture (especially business connections and financial capital);
- b) Experience previews of an entrepreneurial career (through job autonomy and involvement in organisational innovation); and

- c) Be exposed to environments conducive to entrepreneurship (especially industries with a high level of self-employment and/or dynamism).

The findings from the research team's cross-country analysis further revealed that the gender gap in start-up ease perceptions was more pronounced in the European countries with higher overall levels of sex-based labour market segregation. Intriguingly, the gaps were widest in the Scandinavian countries of Denmark, Finland, Norway, and Sweden – and lowest in Luxembourg and the Southern European countries of Italy, Spain, and Portugal.

Linking start-up ease perceptions to entrepreneurial activity

In a supplemental analysis, the authors also investigated the behavioural implications of working in a female-dominated occupation. They established that individuals in such occupations were significantly less likely to transition to entrepreneurship than those working in male-dominated or gender-integrated jobs.

These findings highlight how sex-based labour market segregation can stifle the path to business ownership, making it more challenging for women, in particular, to unleash their entrepreneurial potential.

Implications for public policy related to gender and entrepreneurship

What are some key takeaways of this study for public policy initiatives at the intersection of gender and entrepreneurship?

Most fundamentally, the findings highlight the importance of recognising that the differing perceptions that women and men tend to hold of entrepreneurship are partially attributable to the different (and gender-stereotypic) positions that they hold in the general labour market.

Thus, to ensure equality in entrepreneurship, policymakers need to address gender disparities in traditional employment by reducing vertical, horizontal, and industrial sex segregation. By doing so, they can level the playing field, fostering an environment that promotes equal opportunities for female and male employees to formulate non-gendered perceptions of how easy it would be to start a business.

[Click here for the full research article published by Drs. Tonoyan, Strohmeyer, and Jennings.](#)

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