

INSTITUTIONS, CULTURAL BELIEFS AND THE MAINTENANCE OF
GENDER INEQUALITY IN ENTREPRENEURSHIP
ACROSS INDUSTRIALIZED NATIONS

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This dissertation utilizes Global Entrepreneurship Monitor (GEM) data across 24 countries and laboratory experiments conducted in the United States and the United Kingdom to investigate why men are approximately two times more likely than women to be business owners in most industrialized nations after accounting for gender differences in relevant start-up resources. Findings demonstrate support for the theory that social policies and gender status beliefs contribute to this inequality by structuring both the context in which individuals perceive business ownership as a viable labor market option and the interactions through which they gain legitimacy and support for their business idea.

EXECUTIVE SUMMARY

1. Introduction

Who are entrepreneurs? Are they business owners? Innovators? Leaders? In some ways, their role in job creation and in the expansion of new markets could make them key drivers of economic growth and progress. In other ways, they could merely be individuals who have no better alternatives for employment, who crave more autonomy in their work lives or who just enjoy risk-taking. In this sense, entrepreneurship can range from being a non-traditional strategy of earning income to a non-traditional strategy for changing the world. After all, entrepreneurs may not only create new businesses, but they may also create new products, services, methods of doing business, or organizational forms; thus, entrepreneurs are in a unique position to shape not only the economy, but also the social world. Entrepreneurship is also a form of work that crosses the spectrum of ages, education levels, and occupational backgrounds. In short, it is a complex, multidimensional social phenomenon that involves a myriad of people, motives and behaviors.

Perhaps not surprisingly, gender is a core principle of social organization that structures entrepreneurship. Research suggests that men are approximately two times more likely than women to be business owners in most industrialized nations after adjusting for gender differences in relevant start-up resources, such as education, work experience, network ties, income and wealth (Arum and Muller 2004; Kim, Aldrich and Keister 2006; Reynolds and White 1997). The gender gap in entrepreneurship is particularly notable when compared to gender inequality in traditional employment or other types of leadership positions (Aldrich 2005; OECD 1998). For example, women account for about 30 percent of the entrepreneurs in OECD (Organisation for Economic Cooperation and Development) countries, whereas more than 40 percent of traditional employees are women (OECD 1998). In the US in 2005, women comprised 56 percent of professional and technical workers and 42 percent of legislators, senior officials and managers (UNDP 2005). By contrast, women were majority owners of only 30 percent of all privately held US firms during the same period (Center for Women's Business Research 2004).

Although both the gender gap in entrepreneurship and cross-national differences in the size of this gap are well-known, there are few existing sociological explanations for these gaps. This is surprising, not only because of sociologists' fascination with gender inequality in other kinds of labor market outcomes, but because of the importance of entrepreneurship for economic processes. Because entrepreneurs are not just non-traditional workers but are also potential economic leaders, this is a particularly significant area of study if a broader goal is to uncover the underlying processes which lead to women's persistent under-representation in the most highly valued leadership positions of society.

In this dissertation, I address this important puzzle by developing and evaluating a multilevel theory of gender inequality in entrepreneurship. I draw on comparative institutional and social psychological approaches to argue that social policies and shared cultural beliefs about gender at the macro-level structure a) the micro-level context in which men and women perceive business ownership as a viable labor market option and b) the micro-level interactions through which they gain legitimacy and support for their business enterprise. Specifically, social policies and commonly shared cultural beliefs about gender shape the opportunities and incentives that individual men and women experience to become entrepreneurs. For instance, family policies which seek to reconcile work and family life can influence the likelihood that women may be "pushed" out of the traditional labor force and into entrepreneurship. Shared cultural beliefs about gender that frame entrepreneurship as a male-typed activity and that

prescribe different expectations of competence for women and men at such male-typed activities may generate gender-biased assessments of entrepreneurial competence and business ideas. As individuals draw on gender beliefs to evaluate their own or another's competence at entrepreneurship, such beliefs disadvantage women in their self-confidence and the support from others that may be needed to successfully pursue a business idea.

I use two methodological approaches to evaluate my theory: quantitative analysis of survey data from 24 industrialized countries and laboratory studies conducted at large research universities in the United States (US) and the United Kingdom (UK). During my investigation, I frequently focus on how these social processes may operate differently when considering innovative forms of entrepreneurship, which challenge market and organizational norms, rather than repetitive forms of entrepreneurship. In doing so, I evaluate how the gendered structure of entrepreneurial activity intersects with this particularly dynamic, creative and theoretically distinct type of entrepreneurship.

2. Theoretical Background, Data and Methods

2.1 Entrepreneurship and Gender

Sociologists have largely understood gender differences in business ownership and success by mapping gendered patterns in the paid (employee) labor market onto the self-employed. For example, women tend to have, on average, less workplace and managerial experience, which is often relevant for successful start-ups (Kim, Aldrich and Keister 2006; Loscocco et. al. 1991). Gender segregation by industry and occupation among employed workers (Charles 1992; Weeden 2004; Weeden and Sorensen 2004) carry over into entrepreneurship opportunities: women entrepreneurs tend to be concentrated in female-typed industries that are crowded, competitive and non-lucrative, such as retail, food service, and interpersonal care (Brush 1992; Cater and Cannon 1992; Kalleberg and Leicht 1991; Loscocco et al. 1991; Loscocco and Robinson 1991). Paid labor market experiences may also affect entrepreneurship through the mediating effect of network structures. Larger, more heterogeneous business discussion networks have been shown to increase the likelihood of business start-up (Renzulli, Aldrich and Moody 2000). Because large and heterogeneous networks are associated with education and employment experience, women, who on average have more labor market interruptions, lower occupational status and less managerial experience, are disadvantaged in their ability to access information and recognize business opportunities.

Women's experiences in paid employment may also disproportionately push them into self-employment for reasons other than market opportunity (Buttner and Moore 1997; Heilman and Chen 2003). Specifically, women are much more likely than men to enter entrepreneurship as a result of work/family conflict or discriminatory work environments (Budig 2006; Buttner and Moore 1997; Carr 1996). Discrimination in the labor market can have an additional indirect effect on self-employment outcomes: people who seek refuge from discriminatory experiences via self-employment may also be at a disadvantage in terms of managerial experience and network diversity.

These studies suggest that women often lack the relevant resources to start a business and that the incentives for becoming an entrepreneur may differ for men and women. However, they do not systematically address the mechanisms underlying the context of men and women's decision-making. This occurs because most existing studies look only at people who are already entrepreneurs, and hence cannot tease apart differences between those who express interest in

becoming an entrepreneur but do not, those who become entrepreneurs but fail, and those who become entrepreneurs and succeed, because only the latter group is observed (Ruef, Aldrich and Carter 2003). Thus, despite the fact that theorists have long argued for the importance of social norms and cultural beliefs in the creation, structure and legitimacy of new organizations (Aldrich and Fiol 1994; DiMaggio and Powell 1991; Scott 2001), most research has not considered the institutional and cultural context (see Baughn, Chua and Neupert 2006 for a notable exception).

At the same time, scholars of gender inequality in the labor market more broadly have suggested that social policies (Gornick and Meyers 2003; Mandel and Semyonov 2006; Pettit and Hook 2009; Soskice 2005) and widely shared cultural beliefs about gender (Correll 2004; Ridgeway 1997) can have a dramatic influence on women's labor market opportunities, incentives and experiences. Not surprisingly, interviews with entrepreneurs suggest that institutional arrangements and cultural beliefs about gender may also have gendered consequences for entrepreneurship. For example, women entrepreneurs frequently perceive that their gender is related to a lack of credibility in the eyes of investors, which disadvantages them in their searches for credit (Heilman and Chen 2003; Moore and Buttner 1997).

In this research, I expand on these insights to develop and evaluate a theory of how formal institutional arrangements and widely shared cultural beliefs about gender work together to generate and sustain observed patterns of gender inequality in entrepreneurship. I emphasize, in particular, the macro-level influence of a) social policies that frame the context in which men and women perceive business ownership as a viable labor market option; and b) largely subconscious and context-dependent cultural beliefs that frame the assessments that individuals make of entrepreneurial ability.

2.2 Gender and Social Policies

Over the last two decades, a growing body of research has investigated how family policies and labor market structures can impact women's opportunities in the paid labor market (e.g. Gornick and Meyers 2003; Lewis 1992; Mandel and Semyonov 2006; O'Connor, Orloff and Shaver 1999; Pettit and Hook 2010; Soskice 2005). For instance, welfare state policies can facilitate women's labor force participation by reconciling work and family to varying degrees. Some states (e.g. Sweden) have policies that encourage women's employment by providing benefits for working parents, such as full-time paid maternal leave and childcare assistance. Other state policies (e.g. Germany) tend to marginalize women's participation in the labor market because they provide for very long parental leaves, but have limited support for working mothers with childcare. A third arrangement (e.g. the Netherlands) encourages women's labor force participation through the widespread availability of part-time work, but also marginalizes women's employment status because part-time work typically offers less income, experience, and opportunities for promotion. Most liberal market economies (e.g. the US), neither promote women's labor force participation nor do they provide exclusionary incentives because there is very little state intervention aimed toward reconciling work/family conflict.

I draw on this literature to argue that these institutional arrangements can affect gender inequality in entrepreneurship. In particular, these policy arrangements affect women's likelihood of encountering "push" factors, such as work/family conflict or discrimination, in traditional employment. I theorize that where national policy arrangements reduce work/family conflict, women should, in the aggregate, be less likely to experience work/family conflict as an incentive to start a business. By contrast, where policies assume that workers have no family or caregiving responsibilities, women may experience more of these gender-related, and labor

market-linked incentives to become an entrepreneur. Therefore, I hypothesize that *the gender gap in entrepreneurship will be larger in countries with longer paid leave for mothers, more public provision of early childhood education and care, and a larger part-time labor force*. In countries with these features, women who might otherwise be inclined to start a business in order to accommodate a more flexible schedule are instead integrated into the formal labor market.

However, if social policies provide an alternative to entrepreneurship as a way to mitigate work/family conflict, women entrepreneurs who do start businesses will primarily do so for reasons *other* than work/family conflict. This potentially selective process leads me to hypothesize that *gender differences between entrepreneurs within a given country will be smaller in institutional contexts that offer the greatest policy-based support for the reconciliation of reconcile work and family life*. For example, women entrepreneurs will be more opportunity-driven vis-à-vis their male counterparts in these countries.

I evaluate these propositions with logistic hierarchical linear models of Global Entrepreneurship Monitor (GEM) data across 24 countries. These countries include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Japan, the Netherlands, New Zealand, Norway, Poland, Portugal Slovenia, Spain, Sweden, Switzerland, the United Kingdom and the United States. Data are pooled across surveys conducted from 2001 to 2005. Country-level policy variables were collected from various sources, including the World Bank's *Doing Business* database, the United Nations' *Human Development Report*, and the OECD's Labor Force Statistics (Organization for Economic Cooperation and Development).

2.3 Cultural Beliefs about Gender

In the following two empirical chapters, I analyze how a second macro-level factor, widely shared cultural beliefs about gender, can also contribute to our knowledge about the gender gap in entrepreneurship. Specifically, I focus 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 the gender gap in entrepreneurship. In doing so, I investigate the extent to which the relative influence of such beliefs may vary by national context.

A. Cognitive Bias and Innovation: Are Women Entrepreneurs Penalized?

First, drawing on social psychological theories of status, stereotyping and gender (Berger et al. 1977; Ridgeway and Correll 2004), I propose that shared cultural beliefs about gender at the macro-level generate gender-differentiated assessments of entrepreneurial competence and business ideas at the micro level. Status characteristics theory suggests that gender status beliefs are particularly likely to be activated in the context of nascent entrepreneurship because it is typically viewed as a male-typed activity (e.g. Gupta et al. 2009) and it is often fraught with a high degree of uncertainty. Therefore, I expect that *individuals will rate women entrepreneurs as less competent, capable and skilled than their male counterparts, and that women entrepreneurs will be disadvantaged in their ability to garner support for their ideas, all else being equal*. I also anticipate, however, that *this stereotyping process may operate differently when considering innovative rather than repetitive forms of entrepreneurship*. This is because the activity of innovation may signal an unexpected level of competence for lower status individuals (in this case, women). Furthermore, I expect that *evidence of this micro-level process may be stronger in*

contexts where there is more gender inequality in the labor market overall because the activity of entrepreneurship itself may be more male-typed in contexts with more gender inequality.

I compare relative levels of support for these hypotheses with controlled laboratory studies conducted in the US and the UK. Both of the studies were conducted at large research universities, each of which is ranked in the top tier of universities for its country. Paid student volunteers between the ages of 18 and 24 rated a pair of fictitious entrepreneurs, presented as real, of the same gender, same level of qualifications (i.e., the same age, education, occupation and managerial experience), and whose business ideas were in the same gender-neutral industry. Each participant rated one non-innovative entrepreneur and one innovative entrepreneur who were either men or women. Male and female participants were randomly assigned to one of these two conditions.

The UK also presents a theoretically appropriate comparison to the US because it allows me to “hold constant” some basic attributes of economic systems that crucially influence entrepreneurship, while providing variance on gendered patterns of work and cultural beliefs. For instance, the US and the UK are relatively similar in terms of economic policies and development, but they differ in terms of women’s overall status in the labor market. Women in the US are much more likely to work full-time than women in the UK (Crompton 2006; O’Connor et al. 1999), and are more likely to be in professional and managerial positions (Mandel and Semyonov 2006; UNDP 2008). Women in the UK are also less likely to be entrepreneurs than in the US (Baughn et al. 2006; Chapter 3 of this dissertation).

B. Gendered Self-Assessments of Entrepreneurial Ability

Next, I shift my focus to the role of gender status beliefs in the development of individuals’ own assessments of their entrepreneurial ability. I argue that gender-differentiated self-assessments of competence at the activity of entrepreneurship, which stem from and are supported by shared cultural beliefs about gender, constrain choices to pursue entrepreneurship in gender-specific ways. Here, I again draw on status characteristics theory to generate my hypotheses, now with a focus on gender-based double standards for assessing competence.

Specifically, I propose that men and women draw on gender status beliefs in order to assess their own abilities. Even though self-evaluations do not take place 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 (Correll 2004). However, standards for a competent performance are rarely clearly defined. Therefore, status characteristics play a role such that those with the more valued state of the characteristic (e.g. men) hold higher expectations for their performance and see their performances as more competent versus those occupying the less valued state (e.g. women), regardless of any “objective” measures of performance. Moreover, gender status beliefs can 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 (Foschi 1996; 2008; Foschi, Lai and Sigerson 1994). Gender status beliefs are also likely to be salient in entrepreneurship assessments because there are no collectively agreed upon criteria that necessarily deem a person to be competent at the task. Under these conditions, such 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 expect that *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 level¹. Therefore, I expect that *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 seen as a prerequisite for the pursuit of entrepreneurial opportunities, at least where entrepreneurship is not being considered purely out of economic necessity. Therefore, I expect that *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.* I also expect that *the gender gap in self-assessments of entrepreneurial ability persists among established business owners.* I expect to find this because women entrepreneurs may be more likely to compare themselves to men (whose status characteristic advantages them in terms of entrepreneurial competence) simply because so many more entrepreneurs are men. Moreover, women are more likely than men to start businesses as a result of gender-related constraints in the traditional labor market. Such individuals may have less work and managerial experience as well as fewer network resources, which could contribute to their lower self-assessments of ability. Finally, I investigate the extent to which these propositions vary across national context.

I evaluate these propositions with GEM data from 24 countries, again pooled across 2001-2005. However, this analysis focuses primarily on a case study analysis of the United States and utilizes standard logistic regression techniques.

3. Results

3.1 Gender and Social Policies

Overall, results provide support for the proposition that social policies are associated with gender inequality in entrepreneurship. First, after adjusting for individuals' education, income, age, and network contacts with other entrepreneurs as well as a variety of country-level characteristics, gender gaps in the odds of being an entrepreneur are larger in countries where publicly-funded childcare is widespread. Specifically, women are about half as likely as men to be a business owner in Sweden, Denmark, Iceland and France, which provide the most public childcare provision of the countries in the sample. By contrast, women's odds of being an entrepreneur relative to men are much higher in countries with low investments in public childcare, such as Austria, Japan, the US and Switzerland.

Paid leave for mothers and the size of the part time labor force were not strongly associated with the gap. This may not be surprising, however, because scholars have argued that by minimizing interruptions, state-sponsored childcare gives women the strongest incentives to maintain full-time attachment to the labor market when compared to paid leave and part-time strategies (e.g. Pettit and Hook 2010). A range of other policies and aspects of national contexts,

¹ Another may be work experience, though unfortunately this dataset does not include work history, and thus does not allow me to investigate this factor. Additionally, the most ideal dataset for conducting a comprehensive evaluation of the double standards theory would further include the level of education that each respondent believes is required to indicate entrepreneurial ability in a person of the opposite sex. Thus, it is important to note that my analysis of double standards is based solely on the standards individuals set for themselves.

including GDP, unemployment, various legal barriers to starting businesses, the social status of entrepreneurship and women's political representation were also not found to be associated with the gender gap in the odds of being an entrepreneur.

A second set of analyses suggests that policies are associated with gender inequality among the population of entrepreneurs in a given country because they influence the “push” factors that women may experience to become an entrepreneur. First, the gender gap in the relative odds of being an opportunity-driven entrepreneur is significantly *smaller* in countries that spend a relatively high percentage of their GDP on childcare; women entrepreneurs are just as likely as their male counterparts to be opportunity-driven in these countries, whereas women entrepreneurs are less likely than their male counterparts to be opportunity-driven in the other countries in the sample.

The widespread availability of part-time work was also found to be moderately associated with greater levels of gender inequality in business size (as measured by number of employees) and sole business ownership. This means that where part-time work is a prevalent strategy for reconciling work and family, women entrepreneurs are less growth-oriented vis-à-vis their male counterparts and are more likely to have business partners. It is possible that this may occur because in these contexts, women entrepreneurs have less full-time work experience than their male counterparts, and a norm of part-time work for women prompts them to regard their entrepreneurial endeavors as small, “part-time” enterprises. There was no evidence that gendered institutional context impacts gender differences in the likelihood of being an innovative entrepreneur; indeed, no gender differences in innovativeness emerged after adjusting for the entrepreneur's personal resources and business characteristics.

In sum, these findings indicate that policy arrangements are important because they may influence not merely women's overall involvement in business ownership vis-à-vis men, but also the extent to which their businesses are similar to men's. In particular, policies which aim to reconcile work and family responsibilities *without* marginalizing women's employment status are associated with larger gender gaps in the odds of being an entrepreneur, but smaller gender gaps in opportunity-driven and employment-generating forms of entrepreneurship. This suggests that the relatively lower levels of gender inequality in entrepreneurship in countries which lack work/family policies may be deceiving at first glance, since many women entrepreneurs in those contexts may simply be seeking a non-traditional strategy for overcoming problems in the traditional labor market, not a market opportunity per se.

3.2 Cognitive Bias and Innovation in the US and UK

The results of the experimental studies lend support to the hypothesis that cultural beliefs about gender play a role: findings show evidence of status-based gender bias in both contexts. However, the impact of such beliefs may be greater in contexts where there is more gender inequality in the labor market overall. Consistent with hypotheses, I found stronger evidence of bias among UK participants, those in the context where gender inequality in the labor market is more prevalent. Specifically, UK participants rated non-innovative women entrepreneurs to be significantly less competent and capable, and rated their businesses as less profitable and less deserving of investment than their non-innovative male-counterparts, all else being equal. US participants perceived non-innovative women entrepreneurs to be less skilled than their non-innovative male-counterparts, but did not rate their business ideas differently from men's.

However, in both contexts, this bias was reduced, and in some cases eliminated altogether, when participants were asked to evaluate innovative instead of non-innovative

business ideas. This was due largely to the fact that, in both studies, women were rated as significantly more competent when they presented innovative instead of non-innovative business plans. In the case of the UK, competence ratings mediated the gender effects in perceived profitability and investment worthiness. This supports the theory that people have lower expectations for women's overall competence in the area of entrepreneurship; it is these lower expectations that lead them to be less likely to support women's non-innovative businesses than men's non-innovative businesses, and also to rate women more positively when innovative ideas are considered.

More broadly, this finding suggests that gender-stereotyping processes can have a strong impact on the perceived worth of innovative organizational forms because innovativeness may signal a level of competence on the part of the entrepreneur that is unexpected for people with lower status characteristics (who are women in the entrepreneurship setting). It implies that the perception of risk typically associated with new organizational forms may be strongly influenced by gender status beliefs and should be considered when evaluating the role of cultural beliefs in generating legitimacy for novel business ideas.

3.3 Gender and Self-Assessments of Entrepreneurial Ability

Results from the final empirical chapter provide additional support for the theory that cultural beliefs about gender constrain women's involvement in entrepreneurship. First, in the US, despite having approximately equal amounts of human, social and financial capital, women are about half as likely as men to think they have the ability to be an entrepreneur. Moreover, 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. This supports the theory that cultural beliefs about gender and entrepreneurship may lead women may judge their own competence at entrepreneurship by a harsher standard than men.

A second set of analyses indicates that this gender difference in self-assessments accounts for a significant portion of the gender gap in entrepreneurship in the US after controlling for relevant resources: adjusting for self-assessments in the model virtually eliminates any observed gender difference in the predicted probability of being an entrepreneur. This suggests 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.

Third, consistent with my hypothesis, significant gender differences in self-assessed ability persist among established US business owners who have similar resources and whose businesses have similar characteristics: men entrepreneurs are more than twice as likely as 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. Finally, this pattern of results was largely consistent across the 24 countries in the GEM sample. In most countries, women are about half as likely as their male-counterparts to believe that they have the ability to be an entrepreneur after adjusting for human, social and financial capital. This gender difference also accounts for a large portion of the gender gap. However, the extent to which this gender difference persists among established business owners varies considerably across institutional context. Future research will explore how national-level policies may be associated with this variation.

4. Contributions

In recent years, sociologists have made new strides toward theorizing entrepreneurship as

a social phenomenon. For instance, Knudsen and Swedberg (2009) combine economic and sociological perspectives to put forth a theory of entrepreneurship as it relates to the making of economic orders (i.e. normative prescriptions for how to go about making profit). They define entrepreneurship as “the act of creating a new combination that ends one economic order and clears the way for a new one” (p. 16). Ruef and Lounsbury (2007) incorporate several existing theories of entrepreneurship to offer a broad, multilevel perspective which addresses the transition to entrepreneurship, the process of entrepreneurship, and the effects of entrepreneurship (p. 19). They advocate for the importance of material-resource *and* cognitive-institutional perspectives for understanding the question of who becomes an entrepreneur and why.

This dissertation research built on these perspectives by demonstrating how gender is inscribed into the context and process of entrepreneurship. My findings provide evidence to support the theory that gendered institutional arrangements and cultural beliefs at the macro-level structure the micro-level processes that produce gender inequality in both a) the odds of engaging in entrepreneurial activity and b) various forms of entrepreneurship. This means that gender structures not only the material resources that individuals bring to entrepreneurial activity, but also the cognitive-institutional context and the social psychological processes involved in business creation. In this way, the very process by which entrepreneurs unmake and remake economic orders is constrained by the gender structure in which it occurs; the gender structure shapes who becomes an entrepreneur, and how such individuals are able to gain legitimacy for new and/or innovative endeavors.

The development of a multilevel theory of gender inequality in entrepreneurship also pushes forward theory in the area of gender inequality in the labor market. Though scholars have produced a large body of knowledge about how gendered institutions and social interactions generate gender inequality in traditional forms of paid employment, they have less often turned their analysis toward the multifaceted social phenomenon of entrepreneurship. By extending the gender-as-structure perspective to this section of the labor market, I was able to theorize and show evidence for the ways that gendered processes partially account for the gender inequality we observe in organizational creation, innovation, and economic growth.

The multilevel theoretical framework developed here can also be applied to a variety of future research efforts related to inequality and entrepreneurship more broadly. For instance, how do these institutional arrangements and gender beliefs impact gender inequality in the process of patenting of scientific research? Do they structure gender inequality in the process by which high-tech companies, especially those in emerging markets, are created? It is also possible that institutional arrangements and cultural beliefs at the macro-level could structure the racial or social class structure of entrepreneurs in similar ways. Furthermore, a multilevel perspective on entrepreneurship and inequality provides implications for economic outcomes as well. For example, to the extent that entrepreneurs contribute to economic growth by creating jobs and creating new markets, a considerable amount of potential growth may be lost when large segments of the population do not have the resources, structural opportunities and incentives, or social and financial support that would be needed to generate or pursue business ideas.

5. Implications

What are the implications of these findings for the persistence of gender inequality in entrepreneurship? First, social policies which reconcile work and family life *without* marginalizing women’s employment status could lead to higher levels of women’s representation

among opportunity-driven, larger, and potentially more lucrative businesses (and lower levels of women's representation among smaller or necessity-driven forms of entrepreneurship). Second, this study suggests that cultural beliefs about gender are a pervasive factor that constrains women's involvement in entrepreneurship across industrialized nations. Gender status beliefs likely disadvantage most women entrepreneurs, given that most entrepreneurs (especially women entrepreneurs) do not start businesses that are particularly innovative (Aldrich and Ruef 2006; Tonoyan and Strohmeier 2005). By affecting others' evaluations as well as individuals' own assessments of their entrepreneurial ability, such beliefs play a key role in determining who becomes a successful entrepreneur and who does not. This 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, entrepreneurship involves creating jobs and contributing 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.

The experimental studies suggest that women could potentially mitigate their vulnerability to stereotyping processes by being particularly innovative. This strategy however, would not address the underlying root of status-based stereotypes themselves. In order to incorporate more women into this potentially lucrative and high status activity, widely shared cultural beliefs that advantage men's competence over women's at the activity of entrepreneurship would need to be slowly eroded. As the comparison between the US and UK suggests, national context may be a central factor shaping the salience of such cultural beliefs. Therefore, solutions would have to come from changes in the interrelated institutions that lend support to stereotyping processes. As such, the problem of gender inequality in entrepreneurship should be understood as a problem of how the cognitive frameworks through which people think about the activity of entrepreneurship are embedded in a larger system of gender inequality in the labor market and in other areas of society. This means that such a transformation could only occur through a combination of changes at the institutional-level as well as in everyday social interactions. These could involve, for example, policies which support women's full-time employment overall, as well as their involvement in entrepreneurship more specifically, that facilitate women's ability to acquire the networks and human capital necessary for a successful start-up, or that promote transparency and accountability in investors' decision-making processes.

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