# WOMEN AND MOTHER ENTREPRENEURS IN FRANCE

In spite of the worldwide emergence of theoretical and empirical research on women entrepreneurship, we know very little about the French case. No study explores why, in spite of significant broad institutional advances in gender equality, and a wide participation to employment, French women entrepreneurs are under-represented (Duchéneaut and Orhan, 2000; Bel, 2009).

Brush, de Bruin and Welter (2009:11) suggest integrating a specific micro-environment ("Motherhood"), and the meso- and macro-environment (MME), which explains the men-women segmentation of economic activity. We aim to shed light on French women entrepreneurs' reality, provide evidence and explain the gender gap in the national institutional context. To this end, we use Brush et al.'s (2009) framework as a heuristic tool to explore empirically women entrepreneurship through the effect of "Motherhood" on the three core elements of entrepreneurial success (Bates, Jackson and Johnson, 2007), namely "Market", "Management" and "Money" (the "3Ms"), placed in the French "MME" context.

## Women and mothers entrepreneurs in the French institutional and economic sphere

### *Macro-Meso environment (MME) and Motherhood*

After two centuries of struggle (from 1804 to nowadays), programs, proposals and laws improved French women's situation in the labor market. However, the lacking risk-taking culture of the country combined with the "invisible" woman phenomenon explain the absence of historical women entrepreneurship accounts. Since 2000 however, a set of national framework measures has been adopted to enhance the exploitation of the French female entrepreneurial potential. These, coupled with pro-active family policies, should have boosted the rate of women entrepreneurship. But women are less likely to become entrepreneur in countries with large state sector and social structures (Estrin and Mickiewicz, 2011). We argue that, constrained by the French MME, the Motherhood mostly affects women and mothers. This could hamper the full development of woman entrepreneurship through its interaction with the "3Ms" factors.

***Market***

Women have been reported to recognize and develop opportunities, start businesses and become entrepreneur for a myriad of reasons. Firstly, "push" factors cover the forced or necessary motivations as "the best option available" (Reynolds et al., 2002). Secondly, "pull" factors introduce more classical motives such as an "advantage of a unique market opportunity" (Reynolds et al., 2002). A combination of push and pull factors appeared as a third way, a kind of "unique built option/best developed opportunity/best opportunity available", where entrepreneurship serves work-family balance synergies and nurtures satisfaction (Eddleston and Powell, 2012). Women become entrepreneurs under a complex mix of constraints (compulsion factors) and opportunities (attraction factors), "of external coercions and subjective aspirations" (Bruni et al., 2005: 20). Albeit a priori non-ghettoized into a single type of gendered motivation, women entrepreneurs dominate in certain businesses, and are underrepresented in others (Kelley et al., 2011). This leads us to propose that (P1) *because of the general French national and regional institutional context, women and mothers differ from other entrepreneurs in terms of "Market", i.e. they tend to be polarized into traditionally gendered and/or low-tech sectors*.

***Management***

The socio-cultural context plays a major role in women's discrimination in both educational and professional career choices. Governments regularly reaffirm the need to bridge the gender gap in French education with female students targeted measures. This system associated with family tends to reproduce continuous discrimination, false neutrality, as well as inequality further down the life path, glass ceilings and walls limit labour marketability. According to Orhan (2001), French women entrepreneurs are increasingly educated, with a strong focus in business or technical backgrounds. Paradoxically, they still declare a lack of managerial abilities, mostly because of a poor executive managerial experience due to the glass ceiling in their previous occupation. This effect is further amplified by the time spent out of work during maternity as well as parental leaves. We therefore propose that *(P2) because of the general French national and regional institutional context, women and mothers differ from other entrepreneurs in terms of "Management", i.e. they tend to have more managerial difficulties*.

### *Money*

Women entrepreneurs are perceived as less credible entrepreneurs (Buttner and Rosen, 1988), disadvantaged by a smaller business size, limited growth potential and profitability (Coleman, 2002). They also might be led by desire for work-life balance and intentionally maintain the small size of their business (Cliff, 1998). Regarding the French context, until 1965, a woman could not open a bank account without the permission of her father or husband. Wives have to wait until 1984 to benefit from the right of equal management in matrimonial properties and family finances. Nowadays, women access to finance is not significantly different to men's, except for the significant existence of higher requirements in terms of collateral provision. This points to a substantial hurdle which is symptomatic of a lower confidence of investors in women entrepreneurs, a more difficult access to finance in general and a possible self-selection of women entrepreneurs in higher socio-economic classes. It follows our third proposition. P3: *Because of the general French national and regional institutional context, women and mothers differ from other entrepreneurs in terms of "Money", i.e. they tend to have reduced access to formal financing.*

## Data and methodology

We use the SINE latest cohort (2006-2009) collected by French national bureau of statistics (INSEE) that allows for the study of entrepreneurship by individual and gender. It covers a representative sample of 48,251 entrepreneurs (new firms) and provides data on the entrepreneur's profile and the initial conditions, the evolution of the enterprise's activity and of employment, investments and modes of financing, training and consulting after start-up, the difficulties faced by the entrepreneur, the firm's strategy and development.

Our core concern is evidencing and explaining the difference between women and men participation in entrepreneurship with the Brush et al. (2009) theoretical framework. To explore these propositions, we rely on three different measurements of *M*, each respectively representing the "Market", "Management", and "Money".

Our model writes:

$$M_i = a.\ Motherhood_i + b.\ Meso\text{-}Macro\text{-}Environment_i + d.\ Controls_i + c + e_i$$

where $i$ is a subscript representing an individual entrepreneur, $M$ stands for each of the "3Ms" , *Motherhood* stands for the motherhood context ($a_1.\ Woman_i + a_2.\ Mother_i + a_3.\ Child_i$), *Meso-Macro-Environment* stand for the MME ($b_1.\ Minimum\ Social\ revenue_i + b_2.\ Financial\ government\ support_i$). We add a set of standard control variables (*Controls*) so as to account for other individual and regional characteristics ($d_1.\ Regions_i + d_2.\ Level\ of\ education_i + d_3.\ Professional\ experience_i + d_4.\ Age_i + d_5.\ Age_i^2$). Finally, $c$ is a constant and $e$ an error term.

The estimation methods differ depending on the form of the dependent variable. Models with a dependent variable in the form of a dummy are estimated using a probit model. Models using a scale as the dependent variable are estimated with an ordered logit model, and models using a continuous dependent variable are estimated using a simple OLS regression. Estimates of the coefficients $a_1$ and $a_2$ can be interpreted as the net effect of the context of "Motherhood" on each of the 3Ms, once the specificities of the environment and personal characteristics have been taken into account.

## Results

*Descriptive statistics*

In terms of "Market", only 4% of enterprises are classified in the general innovative sector, but between 10 to 32% of firms present at least one form of milder innovation, primarily in terms of product or services. The bulk of enterprises operates in the "Whole- and retail sales, transports, catering" sector with 39% of firms, followed by "Construction" (17%). On average, in terms of "Management", only 9% have difficulties hiring qualified labour, 12% feel the difficulty of being alone as entrepreneur, and 14% have difficulties setting prices and getting in contact with customers. In terms of "Money", necessary funds to start up are situated in the middle of the scale, corresponding to about 7,000 euros, with an average share of bank loan to finance it at 26.86%. Only 6% of entrepreneurs face difficulties opening a bank account, 8% have

difficulties negotiating and overdraft, but 19% face difficulties getting financed. Women represent only 31% of entrepreneurs, and while 57% of entrepreneurs have children, mother entrepreneurs represent only 18% of the entrepreneurial sample. A large 43% of entrepreneurs receive government support, while 12% benefit from the minimum social revenue. Entrepreneurs are middle aged persons with average education and average professional experience. Entrepreneurs are fairly distributed across regions, with a large concentration in the Paris region (21%).

*Model results*

Regarding the effect of the general context of "Motherhood" on "Market" in terms of sectors, women are more likely to operate into historically female dominated activities. Interestingly, being a mother does further increase the orientation in these activities but pulls out women from a potentially more innovative sector. This supports our proposition (P1): motherhood tends to cluster women into traditionally gendered sectors, and even more so for mothers than women. Being a woman impacts negatively and significantly on the firm operating in an innovative sector, innovating in sales or production process. This means that they are indeed less innovative than men. However, women strongly and positively stand out in terms of innovative products or services. The additional effect of having a child for a woman is inexistent for the participation to the innovative sector or innovating in the production process. Being a mother however strengthens innovation in the product or service, and reverses the negative effect for sales innovation – mothers are more innovative than both women and men in that area. This is in line with P1 and shows that the national MME does have a negative effect on women and mother entrepreneurs' being part of the innovative sector. Decomposing innovation into technological and non-technological areas for all sectors allows refining the analysis and partially invalidate P1 in relation to some types of innovations.

Regarding "Management", women systematically display less managerial difficulties than men entrepreneurs, while using significantly less external paying services. The additional effect of being mother is not significant. These results partially depart from P2

in terms of the four classical self-perceived managerial difficulties, while partially validating it in terms of externally observed managerial efficacy.

With regards to “Money”, women systematically face fewer difficulties than men entrepreneurs to get financing, an overdraft, or open a bank account. However, they do not significantly borrow a larger share of the initial investment to start up, and require significantly less funds to start up. In sharp contrast, actual mothers do face significantly more difficulties to get financed, negotiate an overdraft, and open a bank account, while not being significantly different in terms of initial capital requirements or share of bank loan in financing of project. Our results therefore depart from P3 for women but validate it for mothers in terms of self-perceived difficulty. We validate P3 for women in terms of external indicator for capital requirements.

## Discussion and conclusion

Our findings confirm that “Motherhood” in France influences female entrepreneurship and the 3Ms, thereby contributing to describe and explain the exacerbated gender gap. Women entrepreneurs invest traditionally female sectors, with small and micro projects requiring limited resources and technological innovation, but compensate by innovating in sales, product and service. Women outperform men in terms of management (with very few external support services), and seems to benefit from an unconstrained access to finance. Actual motherhood induces similar effects, in some instances even more acutely, except for the access to finance for which they struggle. These results provide a new detailed account of women’s and mother’s entrepreneurial performance that could prove useful to design policies clearly supporting them in the strategic areas identified. Moreover, these elements call for a redefinition of classical concepts and measurements in entrepreneurship.

Additionally, through our empirical analysis, we show that the Brush et al. (2009) model provides a useful framework in that it places entrepreneurship into the broad institutional context and as a part of a system. This model allows to go beyond the classical “gender as a trait” approach and move to the study of environmentally-constrained behaviors already advocated by Gartner as soon as 1988.

Additionally, research on entrepreneurship for the most vulnerable segments of the population is of central importance in terms of policy-making in times of higher and increasing unemployment. Promoting women entrepreneurship will require the complex coordination between policies supporting equality in employment (reducing the qualifications and experience gap for women), policies gearing towards successful entrepreneurship (including a subtle mix between projects' soundness and innovativeness), and family policies avoiding the self-reinforcement of the gender bias in the domestic functions. Indeed, women are less likely to choose entrepreneurship because of subsisting barriers, as well as a lack of recognition of their qualities (based on constant struggle against discriminations and a status of "working housewife"). The combination of a stereotyped image and a lack of knowledge of women and mothers' realities do not favor the desire of potential candidates and generates a status quo over the years. A major change seems essential for the development of women entrepreneurship, which, beyond its intrinsic interest, could benefit the rest of society.

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