

“Nevertheless, she persisted!” Entrepreneurial career outcomes of women who switch to self-employment during the crises

ABSTRACT

This paper aims to reveal the implication of transitions from paid to self-employment during the period of economic crises, and whether such a transition may widen the gender gap in career outcomes. We use insights from the career perspective in entrepreneurship to study career outcomes in three steps. First, we study the survival rate and the career patterns of individuals who switch to self-employment in the post-crisis period. Second, we examine income, job satisfaction, and life satisfaction, as the subjective and objective measure of career success of individuals who survive in self-employment. Lastly, we look at the possible differences in entrepreneurial career outcomes between male and female self-employed in our samples. We use descriptive statistics and entropy balancing to examine the changes in career outcomes of individuals who switch to self-employment during the 1998 Asian financial crisis in Indonesia and the 2008 global financial crisis in the United Kingdom. Our findings demonstrate that in both countries, the survival rate is less than 50% for over 5 years following the transitions, with the risk of experiencing downward job mobility for those who do not survive in self-employment. In addition, our study reveals that transitions to self-employment give no gains to the individuals; as the career outcomes of those who switch to self-employment are relatively similar or even not any better than similar individuals who remain in paid employment. Lastly, we found a smaller proportion of females survive in self-employment in the long term, as those who switch to and survive in self-employment in both countries are dominated by males.

Keywords:

female self-employed; career patterns; income; job satisfaction; life satisfaction; crisis

1. Introduction

One of the observable patterns during economic crises is the rise of entry to entrepreneurship by individuals previously worked as paid employees. These patterns can be seen in some major crises, such as the 2008 global financial crises in Spain (Congregado et al., 2010) and in the United Kingdom (Myant et al., 2016), during the 1997 Asian financial crisis (Manning, 2000), and at the period of economic disaster following the hurricane Katrina (Zissimopoulos & Karoly, 2010). Even though entry to entrepreneurship might shield individuals from unemployment, however, extant studies have warned that it might also have some undesirable consequences. Studies find that the survival rate in self-employment is relatively low, particularly for those who were driven by necessity motives (Millán et al., 2014; Rocha et al., 2015). Moreover, for the transitions that take place during the crisis, the risk of failures increases almost double by 61% (Devece et al., 2016). In terms of income, individuals who switch from paid to self-employment have a significant reduction in their income (Kautonen et al., 2017), and if they move back to paid-employment, it would give them much less incomes than those consistently working as paid employees (Mahieu et al., 2019). Whereas concerning job and life satisfaction, those who are driven by necessity motives are found to be not happier with their job and their lives after the transitions (Binder & Coad, 2013, 2016).

Even though prior studies have shed some light on the outcomes of entry to entrepreneurship, the studies have not given much attention to the long-term implications of transitions to entrepreneurship on one's career, particularly for the transitions at the time of crises. In addition, extant studies have not investigated whether transition to entrepreneurship may widen the gender gap in career success (Leslie et al., 2017). Research in this topic is not only important but also relevant, given that even without the crisis, women still need to face some barriers in