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# When do female-owned businesses out-survive male-owned businesses? A disaggregated approach by industry and geography

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## ABSTRACT

Studies have invoked several theoretical perspectives to explain differences between female-owned businesses and male-owned businesses. Yet, few have considered the possibility that differential outcomes between female-owned businesses and male-owned businesses vary from setting to setting, an insight that we derive by combining social constructionism with feminist theory. We articulate hypotheses regarding the outcome of business survival duration based on this insight. Then, using a dataset of one million Texan proprietorships, we test these hypotheses by estimating separate gender effects for many individual industries and geographic areas. We find that female-owned businesses consistently out-survive male-owned businesses in many industries and areas.

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## 1. Executive summary

Many studies in entrepreneurship have analyzed the relative survival duration of female-owned businesses and male-owned businesses. However, the results have been inconsistent. Some studies have found that female-owned businesses survive for shorter periods than those owned by men; these studies have often invoked differences between men's and women's traits, skills or preferences as an explanation. Other studies have found no difference in survival duration between female-owned businesses and male-owned businesses; these have often drawn one of two conclusions: (1) that male and female business owners do not differ in their traits, skills, and preferences or (2) that they do differ in their traits, skills, and preferences but that these differences cancel each other out. Importantly, all of the studies reaching these typical conclusions make the assumption, implicitly or explicitly, that any differences between female-owned businesses and male-owned businesses apply consistently throughout the economy. This assumption is embedded in the typical research design that estimates only a single female-owned business coefficient because the coefficient is necessarily constrained to be equal across an economy-wide or sector-wide data set regardless of the possible heterogeneity present.

Our study contributes to the debate about gender and business ownership by exploring the possibility that neither the typical conclusions nor the underlying assumption of economy-wide applicability are accurate. Motivated by social constructionism and feminist theory, we argue that different industrial and geographic contexts might provide differing opportunities and constraints for women business owners. These opportunities and constraints may, in turn, shape the relative survival duration of female-owned

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businesses and male-owned businesses. Using these arguments, we hypothesize that industries and geographic areas will exist where female-owned businesses systematically out-survive male-owned businesses.

We test these hypotheses empirically using one million retail and service proprietorships in Texas and estimating separate female-owned business effects, simultaneously, for many individual industries and geographic areas. We found that female-owned businesses out-survived male-owned businesses in a wide variety of industries, most notably in educational services and dance studios. Four of the largest industries where female-owned businesses out-survived male-owned businesses were related to clothing, four were related to gift-giving, and two to alcohol sales and service. In terms of geographic area, female-owned businesses consistently out-survived male-owned businesses in the largest cities, whereas male-owned businesses out-survived female-owned businesses elsewhere.

Our study makes contributions to academic research and has implications for both policy and practice. With respect to empirical research, our findings demonstrate why it is inaccurate to interpret a negative and statistically significant coefficient of a single binary female-owned business variable within an economy-wide data set as an indication that male-owned businesses systematically out-survive female-owned businesses throughout the economy. It is similarly inappropriate to interpret a lack of statistical significance of this binary female-owned business coefficient as a sign of gender equality in terms of survival duration. To more accurately capture the effects of business owner gender in future studies—for survival as well as other outcome variables such as incidences of discrimination, human capital variation, or preferences—we believe that scholars will benefit from adopting flexible research designs that allow gender-based effects to vary by industrial and geographic categories.

Further, both researchers and policymakers are likely to be interested in studies that examine when longer survival duration by female-owned businesses increases gender equality and when it does not. With the results of such studies in hand, combined with our findings, policymakers could refine their support for women business owners. They could either target sectors where male-owned businesses clearly out-survive female-owned businesses and directly attempt to reduce the difference. Or they could support female owners in sectors where female-owned businesses already out-survive male-owned businesses in order to indirectly compensate for the presence of the dominance of male-owned businesses elsewhere.

Finally, we believe that prospective and current female business owners will benefit from information about the relative survival duration of male-owned and female-owned businesses in their region and chosen industry.

## 2. Introduction

Studies in entrepreneurship have invoked a variety of theoretical perspectives to explain differences between female-owned businesses and male-owned businesses (see [Jennings and Brush \(2013\)](#), for an extensive review of differences, perspectives and outcomes). Focusing on the outcome of survival duration, review articles (e.g., [Ahl, 2006](#); [Marlow and McAdam, 2013](#)) have noted that empirical studies finding that female-owned businesses survive for shorter periods than those owned by men often invoke statistically significant but often very small differences between men's and women's traits, skills or preferences as an explanation. In contrast, studies finding no difference in survival duration between female-owned businesses and male-owned businesses have often interpreted their results as consistent with: (1) the perspective that male and female owners do not differ (e.g., [Kalleberg and Leicht, 1991](#); [Watson, 2003](#)), or (2) the perspective that male and female owners do differ in their traits, skills, and preferences but these differences offer compensating opportunities and thus cancel each other out (e.g., [Fischer et al., 1993](#); [Robb and Watson, 2012](#)). Yet, the possibility that differences in outcomes between female-owned businesses and male-owned businesses may vary from setting to setting has received relatively little research attention ([Bird and Brush, 2002](#); [James, 2012](#)).

We take this latter perspective and ask a new question: do industries and geographic areas exist where female-owned businesses consistently out-survive male-owned businesses? To answer this question, we attempt to reconcile the inconsistent findings and conclusions by pursuing a more nuanced approach—one motivated by social constructionism ([Berger and Luckmann, 1966](#)) and feminist theory (e.g., [Ahl, 2006](#); [Carter and Williams, 2003](#); [Fischer et al., 1993](#); [Marlow and McAdam, 2013](#)). We contend that, within different industries and geographic areas, the social construction of gender-based expectations for men and women differ with respect to work-life balance, resource acquisition, and other factors ([Ahl, 2004](#); [Alvesson and Billing, 1997](#); [Jennings and Brush, 2013](#)), thus affording opportunities and imposing constraints on their economic activities ([Ely and Padavic, 2007](#); [Ridgeway and Correll, 2004](#)).<sup>2</sup>

We recognize that, from a feminist perspective, uncovering industries and geographic areas where female-owned businesses consistently out-survive male-owned businesses is a double-edged sword unless accompanied by gender equality. We emphasize that we do not directly address the societal value, economic value or social status associated with participating in entrepreneurship in differing industries or regions. Further, we recognize that evidence of longer survival duration for female-owned businesses does not necessarily signal industries or regions that have overcome traditional assumptions about sex roles that disadvantage women. Yet, we hope that our approach will form a springboard for future research that will uncover under what circumstances the finding that female-owned businesses out-survive male-owned businesses is accompanied by gender equality and value creation in dimensions such as work-family balance, enjoyment and broader societal contributions.

To empirically test the hypotheses, we employ a straightforward but novel research design that—unlike the vast majority of existing studies—moves beyond the estimation of a single binary female-owned business coefficient across settings that are often heterogeneous in nature. Using flexible survival duration regressions, we estimate separate gender coefficients for each of the many finely grained industries (four-digit SIC codes) and geographic areas (five-digit zip codes) in our dataset. We analyze

<sup>2</sup> The term “gender” refers here to biological sex differences rather than identification with male versus female roles.

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