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WHY ARE WOMEN LESS LIKELY TO BECOME ENTREPRENEURS THAN MEN? A JACK-OF-ALL TRADES PERSPECTIVE OF HUMAN CAPITAL (SUMMARY)

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SUMMARY

WHY ARE WOMEN LESS LIKELY TO BECOME ENTREPRENEURS THAN MEN? A JACK-OF-ALL TRADES PERSPECTIVE OF HUMAN CAPITAL

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Principal Topic

The ‘jack-of-all trades’ view of entrepreneurship posits that having a background in a large number of different fields increases the probability of becoming entrepreneur (Lazear, 2004). The intuition behind this is that entrepreneurs must have sufficient knowledge in a variety of fields to put together the many ingredients required for the survival and success of a business, while it suffices and pays to be a specialist in one specific field required by the job taken for paid employees. Recent empirical work (Wagner, 2003, 2006) confirms Lazear’s hypothesis, showing that the probability of being self-employed is clearly higher for jack-of-all trades individuals, i.e. those with a higher number of different kinds of professional training and a higher number of changes of professions in the past.

However, to our knowledge, no studies exist which have investigated the question whether women’s lower probability to become entrepreneur can be attributed to the fact that they are less jack-of-all-trades than men. We aim at filling this gap, by testing empirically the hypothesis that women’s lower probability to become self-employed might be attributed to the fact that they are less jack-of-all-trades than men.

Method

We draw on two large representative samples of secondary data for Germany, namely the BIBB/IAB (1999) and the BIBB/BAuA (2006). Our dependent variable is the probability of becoming entrepreneur. Independent variables which capture the “*jack-of-all-trades*” aspect of human capital are the number of different kinds of professional training and the number of changes in profession. We employ *probit regression models* for the estimating the probability of becoming entrepreneur and an extended *Blinder Oaxaca decomposition* (Fairly 2005) to explain the extent to which the gender gap in entrepreneurship can be traced back to the gender differences in personal characteristics (endowments).

Results and Implications

The results show that women are less “jack-of-all-trades” than men in Germany, i.e. they have indeed changed their fields of professional training, occupations and jobs significantly less often than men. Indeed, this explains roughly up to 40% of the gender-specific gap in entrepreneurship in Germany. We offer several explanations of why women are less jack-of-all trades than men, also developing important policy implications for fostering women’s entrepreneurship.

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