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## GENDER DIFFERENCES IN RATES OF BUSINESS EXIT: EVIDENCE FROM A LONGITUDINAL STUDY (SUMMARY)

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## SUMMARY

### **GENDER DIFFERENCES IN RATES OF BUSINESS EXIT: EVIDENCE FROM A LONGITUDINAL STUDY**

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#### **Principal Topic**

Despite the relatively recent growth in the number of women-owned businesses, research has shown that women are both less likely to chose entrepreneurship and that their experience of business ownership differs substantially from that of men (Bird and Brush, 2002; Brush et al, 2006b). The dominant research (and policy) focus on the achievement of increased female business start-up and entry rates has constrained a more considered analysis of the comparative in-flows and out-flows of men and women. There is, however, an emerging concern that women may exhibit higher exit rates, and that these have yet to be investigated.

Evidence of a potentially higher exit rate among women business owners has emerged from two sources. First, statistics emerged over time in national self-employment datasets has revealed that disproportionately higher entry rates by women over the past twenty years have failed to result in the predicted increases in the overall female share of business ownership. Second, survey data have consistently demonstrated that newer businesses are more likely to be owned by women. Both sources indicate the possibility of comparative differences between men and women in business exit rates, but neither provides strong or conclusive evidence.

The aim of this paper is to explore the validity of concerns relating to comparative exit rates among men and women by analyzing data of male and female business owners. The study attempts to address two main research questions: 1) Are the differences in the rates of exit by male and female business owners? 2) Are the gender-based differences in the causes of business exit?

#### **Method**

This paper explores the comparative exit rates by women and men by using a data from the Norwegian business register provided by Statistics Norway. The samples include all female and male owned businesses established and registered in 2002. Exits rates are calculated for following year, divided by cause of exit. Differences by industry sector and business size are examined. Statistical analysis provides evidence of gender-based causes that underlie business exits.

#### **Results and Implications**

This study makes a novel contribution to the literature on female entrepreneurship by focusing on the hitherto unexplored issue of business exit. The findings indicate that there are gender differences in exit rates. Female business owners exit at a higher rate than male. There are even larger gender differences in causes of business exits. Factors such as industry sector and business size moderate the relation between gender and business exit.

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