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BUSINESS TAKEOVER OR NEW VENTURE? (WHY) DO WOMEN PREFER NEW VENTURES? (SUMMARY)

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≈ SUMMARY ≈

BUSINESS TAKEOVER OR NEW VENTURE? (WHY) DO WOMEN PREFER NEW VENTURES?

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Principal Topic

Due to demographical changes, securing succession in family businesses will become increasingly challenging in Germany. In order to prevent economic losses, it is important to tap the full potential of successors. Since in Germany the female share of successors lies clearly below the female share of founders, women are seen as underutilized potential. Considering this, the question arises why, compared to men, women seem to prefer starting a new business to taking over an existing one. Thus, our goal is to analyze the role of entrepreneurs' sex in choosing the mode of business entry and to investigate the underlying reasons.

Method

The data used in this study were generated specifically for the purpose of analyzing the impact of various factors on the process of becoming an entrepreneur. The IfM Bonn Founder Panel comprises data from more than 10,500 individuals who were considering to become self-employed in the years 2003 till 2011. Of these, more than 1,200 entered self-employment within two years after the first survey. We used bivariate and multivariate methods to investigate the decision of individuals to start a new business or to take over an existing one. We estimated two logit-regressions, for individuals only planning to become self-employed and for individuals who actually switched into self-employment. Furthermore, we estimated these regressions separately for women and men.

Results and Implications

Our results show that nascent entrepreneurs' sex indeed affects entrepreneurs' (intended) mode of entry. Compared to men, women are less likely to (intend to) take over a business than to start one from scratch because of gender differences in nascent entrepreneur's resources and other factors which affect the mode of entry. We found that gender differences in specific qualifications, time resources, and the capability of opportunity recognition contribute to females' lower likelihood to (intend to) take over a business, compared to males. Moreover, some of these factors seem to affect males' and females' decision on the mode of entry differently.

Though women indeed are an underutilized potential as family business successors, tapping this potential requires fundamental societal changes, e.g. in regard to the gender-related division of labor and vocational choice.

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